

**PONCHATOULA AREA RECREATION DISTRICT NO. 1  
PONCHATOULA, LOUISIANA**

**ANNUAL FINANCIAL STATEMENTS**

**AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017**

**Ponchatoula Area Recreation District No. 1**  
**Ponchatoula, Louisiana**  
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As of and for the Year Ended December 31, 2017

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Dennis E. James, CPA  
Lyle E. Lambert, CPA  
Paul M. Riggs, Jr., CPA

J. Bryan Ehricht, CPA  
Samantha D. Wagner, CPA  
Christie J. Barado  
Megan E. Lynch  
B. Jacob Steib  
Debbie G. Faust, EA  
Ramona K. Huckabee, EA



**JAMES  
LAMBERT RIGGS  
& ASSOCIATES, INC.**  
CERTIFIED PUBLIC ACCOUNTANTS  
www.jlrpcafirm.com



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American Institute of CPAs  
Society of Louisiana CPAs

## Independent Auditor's Report

Mr. Eldrid Palmer, Jr., Chairman  
and Members of the Board of Commissioners  
Ponchatoula Area Recreation District No. 1  
Ponchatoula, Louisiana

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Ponchatoula Area Recreation District No. 1 as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Ponchatoula Area Recreation District No. 1's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Ponchatoula Area Recreation District No. 1 as of December 31, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 27 through 29 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Ponchatoula Area Recreation District No. 1's basic financial statements. The Schedule of Changes in Unsettled Deposits – Agency Fund; the Schedule of Compensation Paid Board of Commissioners; and the Schedule of Compensation, Benefits, and Other Payments to Agency Head are presented for purposes of additional analysis and are not a required part of the financial statements.

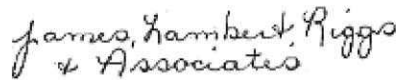
The Schedule of Changes in Unsettled Deposits – Agency Fund; the Schedule of Compensation Paid Board of Commissioners; and the Schedule of Compensation, Benefits, and Other Payments to Agency Head are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Changes in Unsettled Deposits – Agency Fund; the Schedule of Compensation Paid Board of Commissioners; and the Schedule

Ponchatoula Area Recreation District No. 1  
June 19, 2018

of Compensation, Benefits, and Other Payments to Agency Head are fairly stated in all material respects in relation to the financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2018, on our consideration of the Ponchatoula Area Recreation District No. 1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Ponchatoula Area Recreation District No. 1's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Ponchatoula Area Recreation District No. 1's internal control over financial reporting and compliance.



James Lambert Riggs & Associates, Inc.  
Hammond, Louisiana

June 19, 2018

## **Basic Financial Statements**

**Ponchatoula Area Recreation District No. 1**  
**Ponchatoula, Louisiana**  
**Statement of Net Position**  
**December 31, 2017**

Exhibit A

	Governmental Activities
<b>Assets</b>	
Cash and Cash Equivalents	\$ 609,979
Investments	52,940
Accounts Receivable, Net	1,805,936
Prepaid Expenses	40,446
Restricted Assets:	
Cash and Cash Equivalents	542,855
Capital Assets Not Being Depreciated:	
Land	1,809,453
Capital Assets, Net of Accumulated Depreciation	7,501,013
<b>Total Assets</b>	<b>\$ 12,362,622</b>
<b>Deferred Outflows of Resources</b>	
Deferred Amount on Refunding of Debt	\$ 205,565
<b>Total Deferred Outflows of Resources</b>	<b>\$ 205,565</b>
<b>Liabilities</b>	
Accounts Payable	\$ 824
Accrued Payroll	10,874
Sheriff's Pension Payable	71,546
Accrued Interest Payable	11,889
Unamortized Bond Premium	339
Long-Term Debt - Current	135,000
Long-Term Debt - Non-Current	4,055,000
<b>Total Liabilities</b>	<b>\$ 4,285,472</b>
<b>Net Position</b>	
Net Investment in Capital Assets	\$ 3,311,013
Restricted for Debt Service	277,916
Unrestricted	4,693,786
<b>Total Net Position</b>	<b>\$ 8,282,715</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, 2017**

Exhibit B

		Program Revenues		Net Revenue (Expense) & Changes in Net Position
	Expenses	Charges for Services	Capital Grants	Governmental Activities
<b>Governmental Activities:</b>				
Parks and Recreation	\$ 1,198,620	\$ -	\$ -	\$ (1,198,620)
Depreciation	372,607	-	-	(372,607)
Amortization of Bond Costs	(1,836)	-	-	1,836
Interest on Debt Service	295,948	-	-	(295,948)
Total Governmental Activities	\$ 1,865,339	\$ -	\$ -	(1,865,339)
 <b>General Revenues:</b>				
Ad Valorem Taxes				1,885,589
State Revenue Sharing				115,290
Donations				18,000
Rental Income				27,371
Interest Income				6,950
Other Income				37,887
Total General Revenues				2,091,087
Change in Net Position				225,748
Net Position - Beginning of the Year				8,056,967
Net Position - End of the Year				\$ 8,282,715

The accompanying notes are an integral part of this statement.



**Ponchatoula Area Recreation District No. 1**  
**Ponchatoula, Louisiana**  
Governmental Funds Balance Sheet  
December 31, 2017

Exhibit C

	General Fund	4-Mil Gymnasium Fund	Debt Service Fund	Total
<b>Assets</b>				
Cash and Cash Equivalents	\$ 609,979	\$ -	\$ -	\$ 609,979
Investments	52,940	-	-	52,940
Accounts Receivable, Net	1,326,648	479,288	-	1,805,936
Due from Other Funds	-	36,116	-	36,116
Restricted Assets:				
Cash and Cash Equivalents	-	542,145	710	542,855
<b>Total Assets</b>	<b>\$ 1,989,567</b>	<b>\$ 1,057,549</b>	<b>\$ 710</b>	<b>\$ 3,047,826</b>
 <b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ 824	\$ -	\$ -	\$ 824
Accrued Payroll	10,874	-	-	10,874
Due to Other Funds	36,116	-	-	36,116
Pension Fund Mandate Payable	51,214	20,332	-	71,546
<b>Total Liabilities</b>	99,028	20,332	-	119,360
 <b>Fund Balances:</b>				
Restricted for Debt Service	-	277,206	710	277,916
Unassigned	1,890,539	760,011	-	2,650,550
<b>Total Fund Balances</b>	1,890,539	1,037,217	710	2,928,466
 <b>Total Liabilities and Fund Balances</b>	<b>\$ 1,989,567</b>	<b>\$ 1,057,549</b>	<b>\$ 710</b>	<b>\$ 3,047,826</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 Position  
 For the Year Ended December 31, 2017

Exhibit D

**Fund Balances - Total Governmental Funds (Exhibit C)** \$ 2,928,466

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

Governmental Capital Assets	11,982,159
Less: Accumulated Depreciation	(2,671,693)

Prepaid Insurance at December 31, 2017	40,446
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Deferred Outflows of Resources - Deferred Amount on Refunding	205,565
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In the statement of net position, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditures is reported when due.	(11,889)
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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:	
Revenue Bonds	(135,000)
Non-Current (Long-Term) Obligations:	
Revenue Bonds	(4,055,000)
Unamortized Bond Discount	<u>(339)</u>

<b>Net Position of Governmental Activities (Exhibit A)</b>	<b><u>\$ 8,282,715</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, 2017

Exhibit E

	General Fund	4-Mil Gymnasium Fund	Debt Service Fund	Total
<b>Revenues:</b>				
Ad Valorem Taxes	\$ 1,350,195	\$ 535,394	\$ -	\$ 1,885,589
State Revenue Sharing	115,290	-	-	115,290
Donations	18,000	-	-	18,000
Rental Income	27,371	-	-	27,371
Interest Income	6,947	-	3	6,950
Other Income	37,887	-	-	37,887
<b>Total Revenues</b>	<b>1,555,690</b>	<b>535,394</b>	<b>3</b>	<b>2,091,087</b>
<b>Expenditures:</b>				
Parks and Recreation:				
Salaries and Related Benefits	727,913	-	-	727,913
Legal and Professional	14,234	-	-	14,234
Repairs & Maintenance	133,235	-	-	133,235
Telephone and Utilities	83,926	-	-	83,926
Office Expenses	46,770	50	-	46,820
Insurance	88,721	-	-	88,721
Pension Fund Mandate	51,214	20,332	-	71,546
Bad Debt Expense	4,000	-	-	4,000
Other	28,225	-	-	28,225
Capital Outlay	116,149	-	-	116,149
Debt Service	-	276,185	-	276,185
<b>Total Expenditures</b>	<b>1,294,387</b>	<b>296,567</b>	<b>-</b>	<b>1,590,954</b>
<b>Excess / (Deficiency) of</b>				
<b>Revenues over Expenditures</b>	261,303	238,827	3	500,133
<b>Fund Balance:</b>				
Beginning of the Year	1,629,236	798,390	707	2,428,333
End of the Year	\$ 1,890,539	\$ 1,037,217	\$ 710	\$ 2,928,466

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, 2017

<b>Net Change in Fund Balances - Total Governmental Funds (Exhibit E)</b>	<b>\$</b>	<b>500,133</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		116,149
Depreciation Expense		(372,607)

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 position as prepaid insurance.

Prior Year Prepaid Insurance		(40,446)
Current Year Prepaid Insurance		40,446

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. This is the change in accrued interest from the prior year:

Prior Year Accrued Interest		7,257
Current Year Accrued Interest		(11,889)

The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Repayments of Long-Term Debt		130,000
Amortization of Bond Premium		1,836
Amortization of Deferred Amounts on Bond Refunding		<u>(145,131)</u>

<b>Change in Net Position of Governmental Activities (Exhibit B)</b>	<b>\$</b>	<b><u>225,748</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 Fiduciary Net Position  
December 31, 2017

Exhibit G

		<u>PARD Sports Program</u>
<b>Assets</b>		
Cash and Cash Equivalents		\$ 8,920
<b>Total Assets</b>		<u>\$ 8,920</u>
<b>Liabilities</b>		
Due to Others		\$ 8,920
<b>Total Liabilities</b>		<u>\$ 8,920</u>
<b>Total Net Position</b>		<u>\$ -</u>

The accompanying notes are an integral part of this statement.

**Ponchatoula Area Recreation District No. 1**  
**Ponchatoula, Louisiana**  
Notes to Financial Statements  
For the Year Ended December 31, 2017

**Narrative Profile**

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 Louisiana Revised Statutes (LRS) 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 of Louisiana, 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. Major revenues for the District include property taxes and state revenue sharing. Major expenditures of the District include capital outlay, debt service, maintenance, supplies, and salaries and related benefits.

**1. Summary of Significant Accounting Policies**

**A. Basis of Presentation**

The accompanying financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (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 accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, issued in June 1999, and as amended by GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes (LRS) and to guides set forth in the Louisiana Governmental Audit Guide and to the industry audit guide, *Audits of State and Local Governmental Units*.

**B. Financial Reporting Entity**

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. 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 Council, under the provisions of GASB Statement No. 14. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the parish government, the general government 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)

For the Year Ended December 31, 2017

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.

General Fund – the primary operating fund of the District, which accounts for the operations of the District, except those operations required to be handled in a separate fund. 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.

4-Mil Gymnasium Special Revenue Fund – used to account for the collection of the 4-mil property tax dedicated for the construction and debt service for the gymnasium facility in the District.

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

*Fiduciary Fund*

The focus of the fiduciary fund is on net position and changes in net position. This fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. Consequently, this fund has no measurement focus, but uses the modified accrual basis of accounting. The District reports a single fiduciary fund:

Sports Program Fund – this fund is used to account for registration fees collected and held by the District as an agent for local sports organizations.

D. Measurement Focus / Basis of Accounting

*Basic Financial Statements – Government-Wide Financial Statements*

The Statement of Net Position 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

**Ponchatoula Area Recreation District No. 1**

**Ponchatoula, Louisiana**

Notes to Financial Statements (Continued)

For the Year Ended December 31, 2017

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. 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 and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Interest earnings and other revenues not properly included among program revenues are reported instead as general revenues. The District does not allocate indirect expenses.

*Basic Financial Statements – Governmental Funds*

The amounts reflected in the General Fund, 4-Mil Gymnasium Special Revenue 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 Governmental Fund 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 the District's operations.

The amounts reflected in the General Fund, 4-Mil Gymnasium Special Revenue Fund, and Debt Service Fund use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt, which are recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

Revenues – Ad valorem tax revenue, state revenue sharing revenue, and interest revenue are recorded when due. Other revenues are generally recognized when they become measurable and available as net current assets (i.e. when the service is performed). 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 Position is presented in Exhibit D of the basic financial statements. Explanation of differences between the Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balances and the government-wide Statement of Activities is presented in Exhibit F of the basic financial statements.



**Ponchatoula Area Recreation District No. 1**

**Ponchatoula, Louisiana**

Notes to Financial Statements (Continued)

For the Year Ended December 31, 2017

**E. Budgets and Budgetary Accounting**

Budgetary procedures applicable to the District are defined in state law, LRS 39:1301-15. The major requirements of the Louisiana 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 27, 2016. The budget was adopted on December 27, 2016.
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. The budget was amended on December 14, 2017.
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.

**F. Deposits and Investments**

The District's cash is considered to be cash on hand, demand deposits, interest bearing 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, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. 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 stated at fair value using published market values. 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. Allowance for Uncollectible Accounts**

The District calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis.

**Ponchatoula Area Recreation District No. 1**

**Ponchatoula, Louisiana**

Notes to Financial Statements (Continued)

For the Year Ended December 31, 2017

H. Inventory

The District utilizes the “purchase method” of accounting for supplies, whereby expendable operating supplies are recognized as expenditures when purchased. The District did not record any inventory at December 31, 2017, as the amount is immaterial.

I. Prepaid Items

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

J. Capital Assets

Capital outlays are recorded as expenditures of the governmental funds and as assets in the government-wide financial statements, to the extent the District's capitalization threshold of \$300 is met. Capital assets are valued at historical cost or estimated historical cost if actual cost was not available. Donated capital assets are valued at their estimated fair market value at the date of donation.

Maintenance, repairs, and minor equipment are charged to operations when incurred. Expenditures that materially change capacities or extend useful lives are capitalized. Upon sale or retirement of land, buildings, and equipment, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts, and any resulting gain or loss is included in the results of operations.

K. Deferred Outflows and Inflows of Resources

The statement of net position reports a separate section for deferred outflows of financial resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense / expenditure) until then.

The District has a deferred outflows of resources on the statement of net position that is the result of deferrals concerning bonded debt. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price.

L. Long-Term Obligations

In the government-wide financial statements, debt principal payments of both governmental activities are reported as decreases in the balance of the liability on the Statement of Net Position. In the fund financial statements, however, debt principal payments of governmental funds are recognized as expenditures when paid.

Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued and premiums received on debt issuances are reported as other financing sources. Discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Ponchatoula Area Recreation District No. 1**  
**Ponchatoula, Louisiana**  
Notes to Financial Statements (Continued)  
For the Year Ended December 31, 2017

M. 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.

N. Net Position

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

1. Net Investment in Capital Assets – consists of the historical cost of capital assets, including any restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted – this component of net position consists of assets that have constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.
3. Unrestricted – all other net position is reported in this category

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. Fund Balance

Governmental fund equity is classified as fund balance. GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purpose for which resources can be used:

1. Nonspendable Fund Balance – amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.

**Ponchatoula Area Recreation District No. 1**

**Ponchatoula, Louisiana**

Notes to Financial Statements (Continued)

For the Year Ended December 31, 2017

2. Restricted Fund Balance – amounts that can be spent only for specific purposes due to enabling legislation, State or Federal laws, or externally imposed conditions by grantors, creditors, or citizens. Funds in the 4-Mil Gymnasium Special Revenue Fund and Debt Service Fund are considered to be restricted due to existing debt service paid from those funds.
3. Committed Fund Balance – amounts that can be used only for the specific purposes determined by a formal action of the Board of Commissioners (the District’s highest level of decision-making authority).
4. Assigned Fund Balance – amounts intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed.
5. Unassigned Fund Balance – all amounts not included in other spendable classifications.

The District considers restricted fund balances to be spent for governmental expenditures first when both restricted and unrestricted resources are available.

**P. Adoption of New Accounting Principles**

For the year ended December 31, 2017, the following statement was implemented:

1. GASB Statement No. 77, *Tax Abatement Disclosures*, improves financial reporting by providing financial statement users with essential information about the nature and magnitude of the reduction in tax revenues through tax abatement programs. As a result of implementation of this statement, additional disclosures related to tax abatements are included in Note 8.

**Q. Estimates**

The preparation of financial statements in conformity with GAAP require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reported period. Actual results could differ from those estimates.

**2. Stewardship, Compliance, and Accountability**

**A. Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and all Special Revenue Funds. All annual appropriations lapse at year-end. See Note 1-E for the procedures the District follows regarding budgets and budgetary accounting. The District complied with the Louisiana Local Government Budget Act in adopting and amending its budget for the year ended December 31, 2017.

**B. Deposits and Investment Laws and Regulations**

In accordance with state law, all uninsured deposits in financial institutions must be secured with acceptable collateral valued at the lower of market or par. As reflected in Note 3, regarding deposits and investments, the District was in compliance with the deposit and investment laws and regulations.

**Ponchatoula Area Recreation District No. 1**  
**Ponchatoula, Louisiana**  
Notes to Financial Statements (Continued)  
For the Year Ended December 31, 2017

C. Deficit Fund Equity

As of December 31, 2017, no District funds had deficit fund balances.

**3. Deposits and Investments**

As reflected on Exhibit A, the District has cash totaling \$1,152,834 (of which \$542,855 is restricted) and investments totaling \$52,940 at December 31, 2017. As reflected on Exhibit G, the District is holding cash totaling \$8,920 for fiduciary purposes at December 31, 2017.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. The District does not have a deposit policy for custodial credit risk. The following is a summary of cash and investments (bank balances) at December 31, 2017, with the related federal deposit insurance and pledged securities:

Bank Balances:	
Insured (FDIC Insurance)	\$ 250,000
Uninsured and Collateralized:	
Collateral held by pledging bank's trust department not in the District's name	933,772
Uninsured and Uncollateralized	-
Total Deposits	<u>\$ 1,183,772</u>

Even though the pledged securities are not held in the entity's name, LRS 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, 2017, the District's investment balance was as follows:

	Reported Amount	Fair Value
Louisiana Asset Management Pool	<u>\$ 52,940</u>	<u>\$ 52,940</u>

Louisiana Asset Management Pool (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 LRS 33:2955.

GASB Statement No. 40, *Deposit and Investment Risk Disclosures – An Amendment of GASB Statement No. 3*, requires disclosure of credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk for all public entity investments.

**Ponchatoula Area Recreation District No. 1**  
**Ponchatoula, Louisiana**  
Notes to Financial Statements (Continued)  
For the Year Ended December 31, 2017

LAMP is a 2a7-like investment pool that, to the extent practical, invests in a manner consistent with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. The following facts are relevant for 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: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating / variable rate investments. The WAM for LAMP's total investments was 43 days as of December 31, 2017.

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

The investments in LAMP are stated at fair value. 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 net asset 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.

LAMP, Inc., issues an annual publicly available financial report that includes financial statements and required supplementary information for LAMP, Inc. That report may be obtained by writing to LAMP, Inc., 228 St. Charles Avenue, Suite 1123, New Orleans, Louisiana 70130, or by calling (800) 249-5267.

**4. Receivables**

Receivables represent revenues earned in 2017 and received in 2018 as follows:

	General Fund	4-Mil Gymnasium Fund	Debt Service Fund	Total
Tangipahoa Parish Sheriff:				
Ad Valorem Taxes	\$ 1,233,762	\$ 489,806	\$ -	\$ 1,723,568
State Revenue Sharing	115,290	-	-	115,290
Other Receivables	4,091	-	-	4,091
Less: Allowance for Uncollectible	(26,495)	(10,518)	-	(37,013)
Accounts Receivable, Net	<u>\$ 1,326,648</u>	<u>\$ 479,288</u>	<u>\$ -</u>	<u>\$ 1,805,936</u>

**Ponchatoula Area Recreation District No. 1**  
**Ponchatoula, Louisiana**  
Notes to Financial Statements (Continued)  
For the Year Ended December 31, 2017

**5. Capital Assets**

Capital assets and depreciation activity as of and for the year ended December 31, 2017, are as follows:

	<u>Balance</u> 01/01/17	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> 12/31/17
Capital Assets not Depreciated:				
Land	\$ 1,809,453	\$ -	\$ -	\$ 1,809,453
Total Capital Assets not Depreciated	1,809,453	-	-	1,809,453
Other Capital Assets:				
Buildings	5,812,476	-	-	5,812,476
Land Improvements	3,546,438	81,291	-	3,627,729
Equipment	<u>697,643</u>	<u>34,858</u>	<u>-</u>	<u>732,501</u>
Total Other Capital Assets	10,056,557	116,149	-	10,172,706
Less Accumulated Depreciation:				
Buildings	875,474	146,319	-	1,021,793
Land Improvements	1,006,669	141,905	-	1,148,574
Equipment	<u>416,943</u>	<u>84,383</u>	<u>-</u>	<u>501,326</u>
Total Accumulated Depreciation	<u>2,299,086</u>	<u>372,607</u>	<u>-</u>	<u>2,671,693</u>
Other Capital Assets, Net	<u>7,757,471</u>	<u>(256,458)</u>	<u>-</u>	<u>7,501,013</u>
Totals	<u>\$ 9,566,924</u>	<u>\$ (256,458)</u>	<u>\$ -</u>	<u>\$ 9,310,466</u>

Depreciation expense of \$372,067 for the year ended December 31, 2017, was charged to the governmental activities.

All capital assets are depreciated using the straight-line method on the government-wide basis over the following useful lives:

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

**Ponchatoula Area Recreation District No. 1**  
**Ponchatoula, Louisiana**  
Notes to Financial Statements (Continued)  
For the Year Ended December 31, 2017

**6. Long-Term Debt**

The following is a summary of changes in long-term debt for the year ended December 31, 2017:

<u>Type of Debt</u>	<u>Balance at 01/01/17</u>	<u>Debt Issued</u>	<u>Debt Retired</u>	<u>Balance at 12/31/17</u>	<u>Due Within One Year</u>
Series 2009 \$6,160,000 Revenue Bonds	\$ 315,000	\$ -	\$ 100,000	\$ 215,000	\$ 105,000
Series 2015 \$4,030,000 Revenue Bonds	<u>4,005,000</u>	<u>-</u>	<u>30,000</u>	<u>3,975,000</u>	<u>30,000</u>
	<u>\$ 4,320,000</u>	<u>\$ -</u>	<u>\$ 130,000</u>	<u>\$ 4,190,000</u>	<u>\$ 135,000</u>

As of December 31, 2017, long-term debt of the District consisted of the following:

*Revenue Bonds:*

\$6,160,000 Revenue Bonds (Ponchatoula Area Recreation District No. 1 Project),  
Series 2009 dated August 11, 2009; Due in annual installments of \$105,000 -  
\$365,000 through March 15, 2039; With interest at variable rates. \$ 215,000

\$4,030,000 Limited Tax Refunding Bonds, Series 2015 dated December 23, 2015;  
Due in annual installments of \$25,000 - \$270,000 through June 1, 2039; With  
interest at variable rates (Payable from a pledge and dedication of the proceeds  
of the 30-year, 4 mil ad valorem tax). \$ 3,975,000

Payments of Revenue Bond principal and interest are secured primarily by a pledge and dedication of the proceeds of the ten (10.00) mils, ten year property tax initially approved by voters in the District on July 16, 2005 (and renewed on November 4, 2014), and the four (4.00) mils, thirty year property tax approved by the voters in the District on November 4, 2008.

On December 23, 2015, the District issued \$4,030,000 Series 2015 Revenue Refunding Bonds for the purpose of refunding \$3,505,000 of the outstanding balance of the Series 2009 Revenue Bonds and interest associated with the Series 2009 Revenue Bonds. The net proceeds of \$3,923,845 (after payment of \$106,155 in costs of issuance) plus an additional \$12,158 of bond premium monies were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2009 Series bonds. This advance refunding was undertaken to decrease total debt service payments over the next 24 years by \$145,223 and resulted in an economic loss of \$966,148.

The advance refunding of the Series 2009 bonds resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$499,406, which was deferred and is being amortized over the remaining life of the old bonds. The difference is reported in the accompanying financial statements as a deferred outflow of resources and is being charged to operations as a component of interest expense.



**Ponchatoula Area Recreation District No. 1**  
**Ponchatoula, Louisiana**  
Notes to Financial Statements (Continued)  
For the Year Ended December 31, 2017

The annual requirements to amortize all debt outstanding at December 31, 2017, including interest payments of \$1,856,056 are as follows:

<u>Year Ended December 31,</u>	<u>\$6,160,000 Revenue Bonds</u>	<u>\$4,030,000 Revenue Bonds</u>	<u>Total</u>
2018	\$ 111,071	\$ 166,135	\$ 277,206
2019	112,090	165,745	277,835
2020	-	274,150	274,150
2021	-	271,350	271,350
2022	-	272,775	272,775
2023 - 2027	-	1,379,875	1,379,875
2028 - 2032	-	1,375,401	1,375,401
2033 - 2037	-	1,373,161	1,373,161
2038 - 2039	-	544,303	544,303
	<u>223,161</u>	<u>5,822,895</u>	<u>6,046,056</u>
Less: Interest Portion	8,161	1,847,895	1,856,056
	<u>\$ 215,000</u>	<u>\$ 3,975,000</u>	<u>\$ 4,190,000</u>

**7. Ad Valorem Taxes**

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

General Fund	10.00 Mils
4-Mil Gymnasium Fund	3.97 Mils

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the District in September or October and are actually billed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed and recognized as revenue when billed.

The Tangipahoa Parish Sheriff bills and collects property taxes for the District using the assessed values determined by the Tax Assessor of Tangipahoa Parish. For the year ended December 31, 2017, taxes were levied on property with taxable assessed valuations totaling \$132,473,496.

Total taxes levied were \$1,850,657. At December 31, 2017, the ad valorem tax receivable was \$1,723,568 and the state revenue sharing receivable was \$115,290. Ad valorem taxes receivable at December 31, 2017, are recorded net of a 2% allowance for uncollectible taxes.

**8. Tax Abatements**

The Louisiana Industrial Ad Valorem Tax Exemption Program (ITEP) is an original state incentive program which offers attractive tax incentive for manufacturers within the state. The program abates, for up to ten years, local property taxes (ad valorem) on a manufacturer's new investment and annual capitalized additions related to the manufacturing site. This exemption is granted per contract with the Louisiana Department of

**Ponchatoula Area Recreation District No. 1**

**Ponchatoula, Louisiana**

Notes to Financial Statements (Continued)

For the Year Ended December 31, 2017

Economic Development and will specify the buildings and / or personal property items covered by the exemption. There are currently seventy-four tax abatements in Tangipahoa Parish, related to 17 companies, under the Louisiana ITEP. For the District, there are currently twenty-six tax abatements, related to 4 companies under the Louisiana ITEP. For the 2017 calendar year, estimated forgone ad valorem taxes due to this abatement program was \$35,626 for the District.

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

Proceeds of the 10 year special tax of 10 mils on the dollar of assessed valuation on all property subject to taxation in the District (2017 collections \$1,324,735) are dedicated for the purpose of acquiring, constructing, improving, maintaining, and / or operating recreational facilities and activities in and for the District.

Proceeds of the 30 year special tax of 4 mils on the dollar of assessed valuation on all property subject to taxation in the District (2016 collections \$525,922) are dedicated for the purpose of providing funds to acquire, improve, and equip a multipurpose gymnasium facility and other recreation facilities within the District; to pay the operation and maintenance costs and expenses in connection therewith; and to authorize the funding of the proceeds of said tax into bonds.

The District, through its governing authority, adopted a resolution on July 28, 2009, authorizing the issuance of \$6,160,000 of Revenue Bonds (Ponchatoula Area Recreation District No. 1 Project), Series 2009, for the purpose of acquiring, designing, constructing, and equipping a multipurpose gymnasium facility and other recreational facilities within the District. In that resolution, the proceeds of the ten (10.00) mils, ten (10) year property tax and the four (4.00) mils, thirty (30) year property tax were pledged and dedicated in an amount sufficient for payment of the bonds authorized and interest as they become due and for other purposes.

The District, through its governing authority, adopted a resolution on December 23, 2015, authorizing the issuance of \$4,030,000 of Refunding Bonds, Series 2015, for the purpose of an advance refunding on the \$6,160,000 Limited Tax Revenue Bonds (Ponchatoula Area Recreation District No. 1 Project), Series 2009. In that resolution, the proceeds of the ten (10.00) mils, ten (10) year property tax and the four (4.00) mils, thirty (30) year property tax were pledged and dedicated in an amount sufficient for payment of the bonds authorized and interest as they become due and for other purposes.

After funds have been set aside out of the revenues of the taxes for each tax roll year sufficient to pay the principal and interest on the bonds for the ensuing calendar year, then any excess of annual revenues of the taxes remaining for that tax roll year shall be free for expenditure by the District for the purposes for which the taxes were authorized by the voters.

As of December 31, 2017, the District was in compliance with all bond covenants.

**10. Deferred Compensation Plan**

The District maintains an Oppenheimer Funds SIMPLE IRA plan under Section 408 of the Internal Revenue Code. Under the plan, qualified employees may defer up to \$12,000 of their salary. The District will match up to 3% of the employee's salary. The District's contributions totaled \$11,357 during the year ended December 31, 2017.

**Ponchatoula Area Recreation District No. 1**  
**Ponchatoula, Louisiana**  
Notes to Financial Statements (Continued)  
For the Year Ended December 31, 2017

**11. Litigation**

There is no litigation pending against the District at December 31, 2017.

**12. Subsequent Event**

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 19, 2018.

The District, through its governing authority, adopted a resolution on April 19, 2018, authorizing the issuance of up to \$3,500,000 of Revenue Bonds for the purpose of financing the construction and equipping of additional recreation facilities, including, but not limited to, a new multi-purpose gymnasium facility located within the District. Approval of the Louisiana Bond Commission is pending, with final approval expected on June 21, 2018.

**Required Supplemental Information:**  
**Budgetary Comparison Schedules**

**Ponchatoula Area Recreation District No. 1**  
**Ponchatoula, Louisiana**  
 Budgetary Comparison Schedule – General Fund  
 For the Year Ended December 31, 2017

Schedule 1

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Final Budget Variance - Favorable / (Unfavorable)</u>
<b>Revenues:</b>				
Ad Valorem Taxes	\$ 1,200,000	\$ 1,300,000	\$ 1,350,195	\$ 50,195
State Revenue Sharing	110,000	115,000	115,290	290
Donations	23,000	23,000	18,000	(5,000)
Rental Income	24,500	24,500	27,371	2,871
Other Income	5,930	11,800	35,738	23,938
<b>Total Revenues</b>	1,363,430	1,474,300	1,546,594	72,294
<b>Expenditures:</b>				
Parks and Recreation:				
Salaries and Related Benefits	634,260	657,760	727,913	(70,153)
Legal and Professional	25,000	23,000	14,234	8,766
Repairs & Maintenance	156,000	215,800	133,235	82,565
Telephone and Utilities	82,000	84,000	83,926	74
Office Expenses	62,000	53,200	46,770	6,430
Insurance	88,200	88,700	88,721	(21)
Pension Fund Mandate	46,000	46,000	51,214	(5,214)
Bad Debt Expense	-	-	4,000	(4,000)
Other	25,500	21,900	21,036	864
Capital Outlay	145,000	65,000	116,149	(51,149)
<b>Total Expenditures</b>	1,263,960	1,255,360	1,287,198	(31,838)
<b>Excess / (Deficiency) of</b>				
<b>Revenues over Expenditures</b>	99,470	218,940	259,396	40,456
<b>Fund Balance:</b>				
Beginning of the Year	1,622,082	1,622,082	1,622,082	-
End of the Year	\$ 1,721,552	\$ 1,841,022	\$ 1,881,478	\$ 40,456

See auditor's report

**Ponchatoula Area Recreation District No. 1**  
**Ponchatoula, Louisiana**  
 Budgetary Comparison Schedule – 4-Mil Gymnasium Fund  
 For the Year Ended December 31, 2017

Schedule 2

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Final Budget Variance - Favorable / (Unfavorable)</u>
<b>Revenues:</b>				
Ad Valorem Taxes	\$ 500,000	\$ 500,000	\$ 535,394	\$ 35,394
<b>Total Revenues</b>	<u>500,000</u>	<u>500,000</u>	<u>535,394</u>	<u>35,394</u>
<b>Expenditures:</b>				
Parks and Recreation:				
Office Expenses	25	50	50	-
Pension Fund Mandate	19,000	21,000	20,332	668
Debt Service	<u>276,186</u>	<u>276,186</u>	<u>276,185</u>	<u>1</u>
<b>Total Expenditures</b>	<u>295,211</u>	<u>297,236</u>	<u>296,567</u>	<u>669</u>
<b>Excess / (Deficiency) of</b>				
<b>Revenues over Expenditures</b>	204,789	202,764	238,827	36,063
<b>Fund Balance:</b>				
Beginning of the Year	<u>798,390</u>	<u>798,390</u>	<u>798,390</u>	<u>-</u>
End of the Year	<u>\$ 1,003,179</u>	<u>\$ 1,001,154</u>	<u>\$ 1,037,217</u>	<u>\$ 36,063</u>

See auditor's report

**Ponchatoula Area Recreation District No. 1**

Schedule 3

**Ponchatoula, Louisiana**

**Budgetary Comparison Schedule – Debt Service Fund**

For the Year Ended December 31, 2017

	<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>				
Other Income	\$ -	\$ -	\$ 3	\$ 3
<b>Total Revenues</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>3</b>
<b>Expenditures:</b>				
Debt Service	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Change in Fund Balances</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>3</b>
<b>Fund Balance:</b>				
Beginning of the Year	707	707	707	-
End of the Year	<u>\$ 707</u>	<u>\$ 707</u>	<u>\$ 710</u>	<u>\$ 3</u>

See auditor's report

## **Other Supplemental Information**



**Ponchatoula Area Recreation District No. 1**  
**Ponchatoula, Louisiana**  
Schedule of Changes in Unsettled Deposits – Agency Fund  
For the Year Ended December 31, 2017

Schedule 4

<b>Unsettled Deposits - Beginning of the Year</b>	\$	8,714
<b>Additions:</b>		
Deposits:		
Online Registrations		123,044
Interest		<u>62</u>
<b>Total Additions</b>		<u>123,106</u>
<b>Reductions:</b>		
Ponchatoula Youth Baseball		66,405
Ponchatoula Youth Basketball		32,975
Online Processing Fees		<u>23,520</u>
<b>Total Reductions</b>		<u>122,900</u>
<b>Unsettled Deposits - End of the Year</b>	<b>\$</b>	<b><u>8,920</u></b>

See auditor's report.

**Ponchatoula Area Recreation District No. 1**  
**Ponchatoula, Louisiana**  
 Schedule of Compensation Paid Board Members  
 For the Year Ended December 31, 2017

Schedule 5

<u>Name and Address</u>	<u>Position</u>	<u>Salary</u>	<u>Term Expires</u>
Eldrid L. Palmer, Jr. 18287 Sharon Drive Ponchatoula, LA 70454	Chairman September - Present	\$ -	April 2019
Roger Kennedy 39092 Dutch Lane Ponchatoula, LA 70454	Commissioner	-	April 2020
Ronald Rocquin 11533 Spring Creek Drive Hammond, LA 70403	Commissioner	-	April 2021
Terry Byers 40271 Byers Rd Ponchatoula, LA 70454	Commissioner	-	April 2022
Greg Fletcher 618 W. Willow Ponchatoula, LA 70454	Commissioner	-	April 2023
		<u>\$ -</u>	

See auditor's report.

Ponchatoula Area Recreation District No. 1

Schedule 6

Ponchatoula, Louisiana

Schedule of Compensation, Benefits, and Other Payments to Agency Head

For the Year Ended December 31, 2017

Agency Head: Paul Jacob Stevens, Park Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 73,174
Benefits - Insurance	12,226
Benefits - Retirement	2,195
Deferred Compensation	-
Benefits - Other - Supplemental Pay	-
Car Allowance	-
Vehicle Provided by Government	-
Vehicle Rental	-
Cell Phone	-
Dues	-
Per Diem	-
Reimbursements	-
Travel	-
Registration Fees	-
Conference Travel	-
Housing	-
Unvouchered Expenses	-
Special Meals	-
Other	-
	<u>\$ 87,595</u>

See auditor's report.

**Other Independent Auditor's Reports and  
Findings, Recommendations, and Responses**

Dennis E. James, CPA  
Lyle E. Lambert, CPA  
Paul M. Riggs, Jr., CPA

J. Bryan Ehricht, CPA  
Samantha D. Wagner, CPA  
Christie J. Barado  
Megan E. Lynch  
B. Jacob Steib  
Debbie G. Faust, EA  
Ramona K. Huckabee, EA



JAMES  
LAMBERT RIGGS  
& ASSOCIATES, INC.  
CERTIFIED PUBLIC ACCOUNTANTS  
www.jlrcpafirm.com



Member of  
American Institute of CPAs  
Society of Louisiana CPAs

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*

Mr. Eldrid Palmer, Jr., Chairman  
and Members of the Board of Commissioners  
Ponchatoula Area Recreation District No. 1  
Ponchatoula, Louisiana

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Ponchatoula Area Recreation District No. 1, as of for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Ponchatoula Area Recreation District No. 1's basic financial statements, and have issued our report thereon dated June 19, 2018.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Ponchatoula Area Recreation District No. 1's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Ponchatoula Area Recreation District No. 1's internal control. Accordingly, we do not express an opinion on the effectiveness of the Ponchatoula Area Recreation District No. 1's internal control.

*A deficiency in internal control* 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 and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

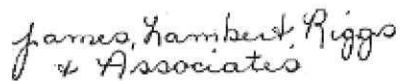
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of current year findings, recommendations, and responses that we consider to be material weaknesses and that is identified as item 2017-001.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Ponchatoula Area Recreation District No. 1's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



James Lambert Riggs & Associates, Inc.  
Hammond, Louisiana

June 19, 2018

**Ponchatoula Area Recreation District No. 1**  
**Ponchatoula, Louisiana**  
 Schedule of Current Year Findings, Recommendations, and Responses  
 For the Year Ended December 31, 2017

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Ponchatoula Area Recreation District No. 1 as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 19, 2018. Our audit of the basic financial statements resulted in an unmodified opinion.

Section I Summary of Auditor's Reports

1. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control:

Material Weakness	<u>  X  </u>	Yes	<u>      </u>	No
Significant Deficiencies	<u>      </u>	Yes	<u>  X  </u>	No

Compliance:

Compliance Material to the Financial Statements	<u>      </u>	Yes	<u>  X  </u>	No
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2. Management Letter

Was a management letter issued?	<u>      </u>	Yes	<u>  X  </u>	No
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Section II Financial Statement Findings

Internal Control over Financial Reporting

2017-001 – Financial Statement Preparation

*Condition:* As is common in small organizations, management has chosen to engage the auditors to propose certain year-end adjusting journal entries and to prepare the annual financial statements. Consistent with this decision, internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, have not been fully implemented. Under generally accepted auditing standards (GAAS), this condition represents a material weakness in internal controls. GAAS does not provide exceptions to reporting deficiencies that are adequately mitigated with non-audit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or otherwise impractical.

This condition was also noted in the prior year.

*Criteria:* Internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, are necessary in order for management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements of the financial statements on a timely basis.

**Ponchatoula Area Recreation District No. 1**  
**Ponchatoula, Louisiana**  
Schedule of Current Year Findings, Recommendations, and Responses  
For the Year Ended December 31, 2017

*Cause:* This condition is intentional by management based on the District's lack of financial complexity, along with the cost prohibitive nature of acquiring the ability to prepare financial statements.

*Effect:* Management and employees are unable to prevent or detect and correct misstatements on a timely basis in the normal course of performing their assigned functions.

*Recommendation:* We recommend no action be taken.

*Management's Response:* See the attached management response letter.

**Compliance and Other Matters**

None



**Ponchatoula Area Recreation District No. 1**  
**Ponchatoula, Louisiana**  
Schedule of Prior Year Findings, Recommendations, and Responses  
For the Year Ended December 31, 2017

Ref #	Fiscal Year Findings Initially Occurred	Description of Findings	Corrective Action Taken
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Internal Control over Financial Reporting

2016-001	December 31, 2016	Financial Statement Preparation	None
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Compliance and Other Matters

None

*Note: This schedule prepared by management of the Ponchatoula Area Recreation District No. 1.*



# Ponchatoula Area Recreation District No. 1

19030 Ponchatoula Park Drive • Ponchatoula, LA 70454  
985-370-7273 • Fax 985-370-7270  
www.pard1.com

June 19, 2018

James Lambert Riggs & Associates, Inc.  
Post Office Drawer 369  
Hammond, LA 70404

Dear Mr. Paul Riggs:

In response to the Audit Report by James Lambert Riggs & Associates of the Ponchatoula Area Recreation District for the Year Ended December 31, 2017:

Section II Financial Statement Findings  
Financial Statement Preparation

1. Internal Control over Financial Reporting is due to the size of the organization and limited number of employee with no specialized training in auditing standards. Management chose to engage auditors to prepare annual financial statements and year-end adjustments.

We look forward to your response.

Sincerely,

Charlotte Martin, Executive Secretary  
Ponchatoula Area Recreation District No. 1

Eldrid Palmer, Jr., Chairman  
Ponchatoula Area Recreation District No. 1

**PONCHATOULA AREA RECREATION DISTRICT No. 1**  
**PONCHATOULA, LOUISIANA**

**STATEWIDE AGREED UPON PROCEDURES ENGAGEMENT**

**FOR THE YEAR ENDED DECEMBER 31, 2017**

Dennis E. James, CPA  
Lyle E. Lambert, CPA  
Paul M. Riggs, Jr., CPA

J. Bryan Ehricht, CPA  
Samantha D. Wagner, CPA  
Christie J. Barado  
Megan E. Lynch  
B. Jacob Steib  
Debbie G. Faust, EA  
Ramona K. Huckabee, EA



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& ASSOCIATES, INC.**  
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Member of  
American Institute of CPAs  
Society of Louisiana CPAs

## Independent Accountants' Report on Applying Agreed-Upon Procedures

Mr. Eldrid Palmer, Jr., Chairman  
and Members of the Board of Commissioners  
Ponchatoula Area Recreation District No. 1  
Ponchatoula, Louisiana

We have performed the procedures enumerated below, which were agreed to by the Ponchatoula Area Recreation District No. 1 (the "District") and the Louisiana Legislative Auditor (LLA) on the control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2017 through December 31, 2017. The District's management is responsible for those control and compliance areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this 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.

Our procedures and findings are detailed in Schedule "A"

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those control and compliance areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those control and compliance areas identified in the SAUPs, and the results of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

James Lambert Riggs & Associates, Inc.  
Hammond, Louisiana

June 19, 2018

**Written Policies and Procedures**

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial / business functions (or report that the entity does not have any written policies and procedures), as applicable:

- a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget

Results: The District did not have written policies and procedures for budgeting.

- b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

Results: The District did not have written policies and procedures for purchasing.

- c) **Disbursements**, including processing, reviewing, and approving

Results: The District did not have written policies and procedures for disbursements.

- d) **Receipts**, including receiving, recording, and preparing deposits

Results: The District did not have written policies and procedures for receipts.

- e) **Payroll / Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked

Results: The District did not have written policies and procedures for payroll / personnel.

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

Results: The District did not have written policies and procedures for contracting.

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage

Results: We sighted the District's written policies and procedures for credit cards and fuel cards; however, the policies and procedures do not address required approvers or credit card limits.

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

Results: We sighted the District's written policies and procedures for travel and expense reimbursements; however, the policies do not address the dollar threshold by category of expense nor the required approvers.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.

**Results:** The District did not have written policies and procedures for ethics.

- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements

**Results:** The District did not have written policies and procedures for debt service.

**Board (or Finance Committee, if applicable)**

2. Obtain and review the board / committee minutes for the fiscal period, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

**Results:** Per a review of the minutes of the District for the period January 1, 2017 through December 31, 2017, the District met on a monthly basis.

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

**Results:** Per a review of the minutes of the District for the period January 1, 2017 through December 31, 2017, the minutes referenced budget-to-actual comparisons on the District's major funds.

- If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal / written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal / written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

**Results:** Per a review of the minutes of the District for the period January 1, 2017 through December 31, 2017, there were no periods of deficit spending during the fiscal period.

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

**Results:** Per a review of the minutes of the District for the period January 1, 2017 through December 31, 2017, the District approved contracts and grant agreements in at least one meeting during the year.

**Bank Reconciliations**

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

**Results:** Management provided us with the required listing of bank accounts as well as management's representation that the listing is complete.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than five accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

**Results:** For the five (5) bank accounts selected, all bank reconciliations were prepared for all twelve months for the period January 1, 2017 through December 31.

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

**Results:** For the five (5) bank accounts selected, evidence existed that the bank statements and bank reconciliations were reviewed by a member of management or a board member for the period January 1, 2017 through December 31, 2017 for four (4) of the accounts. No evidence existed that the bank statements and bank reconciliations were reviewed by a member of management or a board member for one (1) of the bank accounts.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

**Results:** For the five (5) bank accounts selected, no accounts had outstanding items over six (6) months as of December 31, 2017.

**Collections**

5. Obtain a listing of cash / check / money order (cash) collection locations and management's representation that the listing is complete.

**Results:** Management provided us with the required listing of cash collection locations as well as management's representation that the listing is complete.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than five locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each cash collection location selected:

a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

**Results:** Of the two (2) individuals that collect, neither are bonded and both are able to make deposits. One (1) of the two individuals that collect cash is responsible for recording the transaction and reconciling the related bank account. No cash is collected, therefore, no cash register or cash drawer is used as all checks are electronically scanned they day they are received.

b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and / or subsidiary ledgers, by revenue source and / or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

**Results:** Management provided us with written documentation or reconciling cash collections to the general ledger. This daily reconciliation is performed by one (1) of the two (2) individuals who is able to collect cash.

c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

➤ Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

**Results:** The highest week of cash collections had three (3) deposits. All deposits were made electronically within one business day.

➤ Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

**Results:** Deposits for the highest week of cash collections were completely supported by documentation.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

**Results:** The District did not have a written policy for collections.



**Disbursements – General (excluding credit card / debit card / fuel card / P-Card purchases or payments)**

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort / filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

**Results:** Management provided us with the required listing of disbursements as well as management's representation that the listing is complete.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card / debit card / fuel card / P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens / logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition / purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition / purchase order system.

**Results:** The District does not utilize a purchase order system.

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

**Results:** The District does not utilize a purchase order system.

- c) Payments for purchases were not processed without (1) an approved requisition and / or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

**Results:** The District does not utilize a purchase order system. For the twenty-five (25) transactions selected, all transactions included a receiving report, when applicable; and all transactions had an approved invoice.

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing / disbursement system.

**Results:** The individual responsible for processing payments is allowed to add vendor to the District's purchasing / disbursement system in QuickBooks.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

**Results:** Individuals who can initiate or record purchases do not have signatory authority.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

**Results:** The supply of unused checks are maintained in a locked location with restricted access.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

**Results:** No signature stamp or machine is utilized by the District.

**Credit Cards / Debit Cards / Fuel Cards / P-Cards**

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

**Results:** Management provided us with the required listing of credit cards and fuel cards as well as management's representation that the listing is complete.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized cardholder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.])

**Results:** For the four (4) credit cards selected, the statements of all four (4) cards were reviewed and approved, in writing, by someone other than the authorized card holder.

- b) Report whether finance charges and / or late fees were assessed on the selected statements.

**Results:** For the four (4) credit cards selected, no finance and / or late charges were assessed.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased).

**Results:** For the four (4) credit cards selected, all four (4) cards had supporting itemized receipts for all transactions.

- Documentation of the business / public purpose. For meal charges, there should also be documentation of the individuals participating.

**Results:** For the four (4) credit cards selected, all four (4) cards selected had supporting documentation of the business/ public purpose, and all meal receipts contained documentation of the individuals participating.

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.).

**Results:** For the four (4) credit cards selected, all four (4) cards selected had other supporting documentation required by the District's written policy.

b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing / disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

**Results:** For the four (4) credit cards selected, no transactions reviewed required the solicitation of bids or quotes.

c) For each transaction, compare the entity's documentation of the business / public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

**Results:** For the four (4) credit cards selected, there were no violations of Article 7, Section 14 of the Louisiana Constitution.

### **Travel and Expense Reimbursement**

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort / filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

**Results:** Management provided us with the required listing of travel and related expense reimbursements as well as management's representation that the listing is complete.

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)) and report any amounts that exceed GSA rates.

**Results:** No reimbursement rates exceeded GSA rates.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

**Results:** For the three (3) employees selected, all travel and expense reimbursements were paid in accordance with GSA rates.

- b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

**Results:** For the three (3) employees selected, all travel and expense reimbursements were documented by original itemized receipts.

- Documentation of the business / public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

**Results:** For the three (3) employees selected, all travel and expense reimbursements documented the business / public purchase of the expense.

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

**Results:** For the three (3) employees selected, all travel and expense reimbursements had other supporting documentation required by the District's written policy.

- c) Compare the entity's documentation of the business / public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

**Results:** For the three (3) employees selected, there were no violations of Article 7, Section 14 of the Louisiana Constitution.

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

**Results:** For the three (3) employees selected, each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

**Contracts**

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort / filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

**Results:** Management provided us with a listing of all contracts in effect during the period January 1, 2017 through December 31, 2017 as well as management's representation that the listing is complete.

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal / written contract that supports the services arrangement and the amount paid.

**Results:** For the five (5) contracts selected, there was a formal / written contract that supported the services arrangement and the amount paid.

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

➤ If yes, obtain / compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder).

**Results:** For the five (5) contracts selected, none were subject to the Louisiana Public Bid Law.

➤ If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

**Results:** For the five (5) contracts selected, the District did not solicit quotes as a best practice.

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

**Results:** For the five (5) contracts selected, none were amended during the period January 1, 2017 through December 31, 2017.

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

**Results:** For the five (5) contracts selected, all five (5) of the largest payments contained supporting invoices that complied with the terms and conditions of the contract.

- e) Obtain / review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

**Results:** For the five (5) contracts selected, all five (5) contracts were approved by the District.

### **Payroll and Personnel**

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees / officials, obtain their personnel files, and:

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

**Results:** Management provided us with the required list of employees and salaries as well as management's representation that the listing is complete. For the five (5) randomly selected employees, compensation paid to each employee was made in accordance with each employee's approved pay rate.

- b) Review changes made to hourly pay rates / salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

**Results:** Management provided us with the required list of employees and salaries as well as management's representation that the listing is complete. For the five (5) randomly selected employees, four (4) employees did not have changes to their approved pay rates approved in writing and in accordance with written policy.

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees / officials (or randomly select one-third of employees / officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether all selected employees / officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his / her attendance and leave. However, if the elected official is earning leave according to policy and / or contract, the official should document his / her daily attendance and leave.)

**Results:** For the five (5) selected employees, all employees documented their daily attendance and leave.

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees / officials.

**Results:** For the five (5) selected employees, we sighted documentation that supervisors approved attendance and leave.

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees / officials that earn leave.

**Results:** For the five (5) selected employees, we sighted written documentation of the District's leave records.

24. Obtain from management a list of those employees / officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees / officials. Report whether the termination payments were made in strict accordance with policy and / or contract and approved by management.

**Results:** Management provided us with the required list of employees terminated for the period January 1, 2017 through December 31, 2017. For the one (1) termination payment selected for this period, the payment was made in accordance with District policies and was approved by management.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

**Results:** Management provided us with all supporting documentation related to payroll taxes and retirement contributions for the period January 1, 2017 through December 31, 2017. For this period, all payroll tax deposits and retirement contribution payments were paid by the required deadlines.

**Ethics (excluding nonprofits)**

26. Using the five randomly selected employees / officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

**Results:** For the five (5) randomly selected employees, ethics training was not completed for the employees by December 31, 2017.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

**Results:** Per conversation with the Executive Secretary, the District had no alleged ethics violations reported during the period January 1, 2017 through December 31, 2017.

**Debt Service (excluding nonprofits)**

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

**Results:** The District had no new debt issued during the period January 1, 2017 through December 31, 2017.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

**Results:** During the period January 1, 2017 through December 31, 2017, the District made all debt service payments timely and maintained all required debt reserves, as required by debt covenants.

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

**Results:** Millage collections exceeded debt service payments by more than 10%; however, the millage is to construct a gymnasium and “...to pay the operation and maintenance costs and expenses in connection therewith...” No other millages solely dedicated for debt service existed at December 31, 2017.

**Other**

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain / review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

**Results:** Per conversation with the Executive Secretary, the District had no misappropriations of public funds or assets during the period January 1, 2017 through December 31, 2017.

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at [www.la.gov/hotline](http://www.la.gov/hotline)) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

**Results:** Sighted copy of the notice posted on the premises and on the District’s website.

If the practitioner observes or otherwise identifies any exceptions regarding management’s representations in the procedures above, report the nature of each exception.

**Results:** There were no exceptions regarding management’s representations in the procedures above.





# Ponchatoula Area Recreation District No. 1

19030 Ponchatoula Park Drive • Ponchatoula, LA 70454  
985-370-7273 • Fax 985-370-7270  
www.pard1.com

June 19, 2018

James Lambert Riggs & Associates, Inc.  
Post Office Drawer 369  
Hammond, LA 70404

Dear Mr. Riggs:

In response to the Statewide Agreed Upon Procedures Engagement For the Year Ended December 31, 2017:

#### Written Policies & Procedures

District will consult with professional and management to write policies and procedures for daily operation of the district. This will include budgeting, purchasing, disbursements, receipts, travel and credit cards, ethics, and debt service.

#### Bank Reconciliations

Bank Statement for Ponchatoula Youth Volleyball Account will be reviewed/initialed by park manger and athletic coordinator monthly.

#### Collections

District will add endorsement for a crime insurance to policy with the local insurance carrier. District will produce written policy for collections.

#### Contracts

District will solicit quotes on all service contract upon renewal and with additional contracts.

#### Payroll and Personnel

Management will record and chart all personnel pay rates and dates of approval in the individual payroll file.

#### Ethics

District Board Members and all employees will complete Code of Governmental Ethics for Louisiana via online course. Certificate of completion will be printed and available in individual personnel files.

Sincerely,

Charlotte Martin, Executive Secretary

Eldrid Palmer, Jr., Chairman