

ST. TAMMANY PARISH
RECREATION DISTRICT NO. 4
LACOMBE, LOUISIANA
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2024



ERICKSEN KRENTEL^{LLP}
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners of
St. Tammany Parish Recreation District No. 4
Lacombe, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of the St. Tammany Parish Recreation District No. 4 (the District), a component unit of St. Tammany Parish, Louisiana, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the District, as of December 31, 2024, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the *Louisiana Governmental Audit Guide*, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statement

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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements



To the Board of Commissioners of
St. Tammany Parish Recreation District No. 4
Lacombe, Louisiana

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



To the Board of Commissioners of
St. Tammany Parish Recreation District No. 4
Lacombe, Louisiana

Required Supplementary Information

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 (GASB), 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.

Accounting principles generally accepted in the United States of America require that the budgetary comparison on page 19 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise of the District's basic financial statements. The accompanying Schedule of Governing Board and Schedule of Compensation, Benefits and Other Payments to Agency Head are presented to comply with the Act 706 of the 2014 Louisiana Legislative Session, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 Governing Board and Schedule of Compensation, Benefits and Other Payments to Agency Head, in all material respects, in relation to the basic financial statements as a whole.



ERICKSEN KRENTEL LLP

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

To the Board of Commissioners of
St. Tammany Parish Recreation District No. 4
Lacombe, Louisiana

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2025 on our consideration of the District'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 District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

June 16, 2025
Mandeville, Louisiana

Ericksen Krentel, LLP
Certified Public Accountants

BASIC FINANCIAL STATEMENTS

ST. TAMMANY PARISH RECREATION DISTRICT NO. 4
STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2024

ASSETS:

Cash and cash equivalents	\$ 500,793
Ad valorem taxes receivable, net	468,406
State revenue sharing receivable	8,139
Capital assets, net of accumulated depreciation	<u>683,477</u>
 Total assets	 <u>1,660,815</u>

LIABILITIES:

Accounts payable	11,467
Accrued liabilities	<u>2,794</u>
 Total liabilities	 <u>14,261</u>

NET POSITION:

Net investment in capital assets	683,477
Unrestricted	<u>963,077</u>
 Total net position	 <u>\$ 1,646,554</u>

The accompanying notes are an integral part of this statement

ST. TAMMANY PARISH RECREATION DISTRICT NO. 4
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024

Functions/Programs	Expenses	Program Revenues		Net Revenues (Expenses) and Change in Net Position
		Charges for Services	Operating Grants and Contributions	
<u>Governmental activities:</u>				
Recreation	<u>\$ 518,581</u>	<u>\$ 31,331</u>	<u>\$ 15,750</u>	<u>\$ (471,500)</u>
Total governmental activities				(471,500)
<u>General revenues:</u>				
				489,733
				11,743
				546
				<u>22,924</u>
			Total general revenues	<u>524,946</u>
			Change in net position	53,446
			Net position - beginning	<u>1,593,108</u>
			Net position - ending	<u>\$ 1,646,554</u>

The accompanying notes are an integral part of this statement

ST. TAMMANY PARISH RECREATION DISTRICT NO. 4
BALANCE SHEET - GOVERNMENTAL FUNDS
AS OF DECEMBER 31, 2024

	<u>General Fund</u>
<u>ASSETS:</u>	
Cash and cash equivalents	\$ 500,793
Ad valorem taxes receivable, net	468,406
State revenue sharing receivable	<u>8,139</u>
 Total assets	 <u>\$ 977,338</u>
<u>LIABILITIES:</u>	
Accounts payable	\$ 11,467
Accrued liabilities	<u>2,794</u>
 Total liabilities	 <u>14,261</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>	
Deferred ad valorem taxes	<u>81,381</u>
 Total deferred inflows of resources	 <u>81,381</u>
<u>FUND BALANCE:</u>	
Unassigned	<u>881,696</u>
 Total fund balance	 <u>881,696</u>
 Total liabilities and fund balance	 <u>\$ 977,338</u>

The accompanying notes are an integral part of this statement

ST. TAMMANY PARISH RECREATION DISTRICT NO. 4
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2024

Fund balance - governmental fund	\$	881,696
Deferred inflows of resources - unavailable ad valorem taxes are not reported on government-wide financial statements		81,381
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		<u>683,477</u>
Long-term liabilities - compensated absences		
Net position of governmental activities	\$	<u><u>1,646,554</u></u>

The accompanying notes are an integral part of this statement

ST. TAMMANY PARISH RECREATION DISTRICT NO. 4
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>General Fund</u>
<u>REVENUES:</u>	
Ad valorem taxes	\$ 510,969
State revenue sharing	11,743
Charges for services	31,331
Grants and contributions	15,750
Other income	22,924
Interest income	<u>546</u>
 Total revenues	 <u>593,263</u>
<u>EXPENDITURES:</u>	
General and administration	326,909
Recreation	112,680
Capital outlay	<u>10,393</u>
 Total expenditures	 <u>449,982</u>
 Excess (deficit) of revenues over expenditures	 143,281
 Fund balance - beginning	 <u>738,415</u>
 Fund balance - ending	 <u><u>\$ 881,696</u></u>

The accompanying notes are an integral part of this statement

ST. TAMMANY PARISH RECREATION DISTRICT NO. 4
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024

Net change in fund balance - governmental fund	\$	143,281
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated lives and reported as depreciation expense. This is the amount by which depreciation of \$78,992 exceeded capital asset additions of \$10,393 in the current period.		(68,599)
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:

Change in unavailable ad valorem taxes		(21,236)
Change in net position of governmental activities	\$	53,446

ST. TAMMANY PARISH RECREATION DISTRICT NO. 4
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Recreation District No. 4 of St. Tammany Parish (the District) was created by the St. Tammany Parish Police Jury on August 6, 1981, pursuant to Louisiana Revised Statute 33:4564. The District has the authority to own and operate facilities and engage in activities which promote recreation. The governing board is made up of seven commissioners appointed by the St. Tammany Parish Council (the Parish Council) who serve four-year terms.

Reporting Entity

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of an entity for financial reporting purposes. The basic criterion for including a potential component unit with the reporting entity is financial accountability. As such, the District has no component units under the criteria established.

The District is a component unit of St. Tammany Parish (the Parish) because the Parish Council appoints all members of the District's governing board and, as such, is financially accountable for the District. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the Parish, the general government services provided by that governmental unit, or the governmental units that comprise the financial reporting entity. The accounting and reporting policies of the District conform to accounting principles generally accepted in the United States of America applicable to governmental entities. Following is a summary of significant accounting policies.

Basis of Presentation

The accompanying basic financial statements of the District have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, issued in June 1999, as amended by GASB Statement No. 63 in June 2011.

ST. TAMMANY PARISH RECREATION DISTRICT NO. 4
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the District. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Because of the nature of the District's operations, the District reports only governmental activities.

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

Fund Financial Statements

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

The District reports the following major governmental fund:

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

Measurement Focus/Basis of Accounting

The government-wide financial statements are accounted for using an economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income and changes in financial position. The government-wide financial statements are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of the timing of related cash flows.

ST. TAMMANY PARISH RECREATION DISTRICT NO. 4
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus/Basis of Accounting (Continued)

The amounts reflected in the governmental fund financial statements are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to the government-wide financial statements.

The amounts reflected in the governmental fund financial statements use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined, and available means collectible within the current period, or soon enough thereafter to pay liabilities of the current period. The District considers all revenues available if they are collected within 60 days after the fiscal year-end.

Ad valorem taxes are considered to be collected when they are collected by the St. Tammany Parish Sheriff. Ad valorem taxes collected after 60 days are recorded as deferred inflows of resources on the governmental fund balance sheet. State revenue sharing associated with the current fiscal period is considered susceptible to accrual and so has been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District. Property taxes, intergovernmental revenues, and interest associated with the current fiscal year are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period.

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 payment is 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.

Budget and Budgetary Accounting

Formal budgetary accounting is employed as a management control device during the year for the General Fund. The budget is adopted for the General Fund on a basis consistent with accounting principles generally accepted in the United States of America. All appropriations which are not expended lapse at year-end.

ST. TAMMANY PARISH RECREATION DISTRICT NO. 4
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash includes amounts in interest-bearing demand deposits. 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.

Under state law, the District may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at market.

Receivables

Receivables are reported net of estimated uncollectible amounts. At December 31, 2024 the allowance for uncollectibles was \$21,222. This represents 4% of the total ad valorem tax assessed. This estimate is based on the District's history of collections within this revenue stream.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$600 and an estimated life in excess of two years. Such assets are recorded at historical cost or estimated cost if historical cost is not available. Donated capital assets are recorded at estimated fair market value at the date of donation. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation.

Equity Classifications

Government-wide net position is divided into three components:

- a. Net Investment in Capital Assets - Consists of capital assets, including restricted assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted - 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.
- c. Unrestricted - All other net position is reported in this category.

ST. TAMMANY PARISH RECREATION DISTRICT NO. 4
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity Classifications (Continued)

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

In the governmental fund financial statements, fund balances are classified as follows:

1. Nonspendable - Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
2. Restricted - Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
3. Committed - Amounts that can be used only for specific purposes determined by a formal action of the Board of Commissioners (the Board). The Board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through formal actions of the Board.
4. Assigned - Amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. Under the District's adopted policy, only the Board may assign amounts for specific purposes.
5. Unassigned - All other spendable amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

Use of Estimates

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

ST. TAMMANY PARISH RECREATION DISTRICT NO. 4
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

For the year ended December 31, 2024, the District has adopted GASB Statement No. 101, *Compensated Absences (Statement 101)*, which replaces GASB Statement No. 16. It requires liabilities for compensated absences to be recognized for leave that has not been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if the leave is attributable to services already rendered, has accumulated, and is more likely than not to be used for time off or paid in cash or settled through noncash means. The Statement also addresses the timing of the recognition of a liability for other types of compensated absences. The adoption of this standard did not have a material impact on the District's statements.

Date of Management Review

Subsequent events have been evaluated through June 16, 2025, which is the date the financial statements were available to be issued.

(2) CASH AND CASH EQUIVALENTS

At December 31, 2024, the District has cash and cash equivalents (book balances) totaling \$500,793.

These deposits are stated at cost, which approximates market. The District does not have a policy for custodial credit risk; however, 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 agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Cash and deposits are categorized into three categories of credit risk.

Category 1 includes deposits covered by federal depository insurance or by collateral held by the District or its agent, in the District's name.

Category 2 includes deposits covered by collateral held by the pledging financial institution's trust department, or its agent, in the District's name.

Category 3 includes deposits covered by collateral held by the pledging financial institution, or its trust department or agent but not in the District's name, and deposits which are uninsured or uncollateralized.

ST. TAMMANY PARISH RECREATION DISTRICT NO. 4
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

(2) CASH AND CASH EQUIVALENTS (CONTINUED)

At December 31, 2024, the carrying amount and the bank balances of deposits of the primary government are summarized as follows:

	Bank Balances Category			Bank
	1	2	3	Balance
Cash	\$ 505,112	\$ -	\$ -	\$ 505,112

At December 31, 2024, none of the District's bank balance was exposed to custodial credit risk.

(3) AD VALOREM TAXES

The District's ad valorem tax is levied in October of each year on the assessed value of property within the District's taxing area. Taxes are due and payable by December 31st, and an enforceable lien attaches to the property on January 1st. The taxes are collected on behalf of the District by the St. Tammany Parish Sheriff and then remitted to the District. The District receives most of the ad valorem taxes in February, March, and April. For the year ended December 31, 2024, taxes of 9.26 mills were levied on property within the District.

(4) CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2024 is as follows:

	1/1/2024	Additions	Reductions	12/31/2024
<u>Governmental Activities:</u>				
Capital assets being depreciated:				
Recreation facilities	\$ 1,800,025	\$ -	\$ -	\$ 1,800,025
Equipment	16,033	10,393	-	26,426
Total capital assets being depreciated	1,816,058	10,393	-	1,826,451
Less accumulated depreciation for:				
Recreation facilities	(1,062,158)	(75,181)	-	(1,137,339)
Equipment	(1,824)	(3,811)	-	(5,635)
Total accumulated depreciation	(1,063,982)	(78,992)	-	(1,142,974)
Total capital assets being depreciated, net	\$ 752,076	\$ (68,599)	\$ -	\$ 683,477

Depreciation expense for the year ended December 31, 2024 was \$78,992.

ST. TAMMANY PARISH RECREATION DISTRICT NO. 4
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

(5) RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended December 31, 2024, the District carried insurance through various commercial carriers to cover all risks of loss. The District had no settled claims resulting from these risks that exceeded its commercial coverage in any of the past three fiscal years.

(6) NEW ACCOUNTING PRONOUNCEMENTS

The GASB has released Statement No. 102, *Certain Risk Disclosures*. This Statement establishes financial reporting requirements for risks related to vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for periods beginning after June 15, 2024. The District plans to adopt this Statement as applicable by the effective date.

The GASB has released Statement No. 103, *Financial Reporting Model Improvements* (Statement 103). This Statement improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this statement are effective for periods beginning after June 15, 2025. The District plans to adopt this Statement as applicable by the effective date.

The GASB has released Statement No. 104, *Disclosure of Certain Capital Assets* (Statement 104). The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information about certain types of capital assets in order to make informed decisions and assess accountability. Additionally, the disclosure requirements will improve consistency and comparability between governments. This Statement is effective for periods beginning after June 15, 2025. The District plans to adopt this Statement as applicable by the effective date.

REQUIRED SUPPLEMENTARY INFORMATION (PART II)

ST. TAMMANY PARISH RECREATION DISTRICT NO. 4
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET TO ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2024

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<u>REVENUES:</u>				
Ad valorem taxes	\$ 370,000	\$ 370,000	\$ 510,969	\$ 140,969
Sports registration fees	9,000	9,000	8,607	(393)
State revenue sharing	11,800	11,800	11,743	(57)
Facility rentals	25,000	25,000	21,898	(3,102)
Grants	-	-	15,750	15,750
Other income	16,500	15,000	23,750	8,750
Interest revenue	1,000	1,500	546	(954)
	<u>433,300</u>	<u>432,300</u>	<u>593,263</u>	<u>160,963</u>
<u>EXPENDITURES:</u>				
General and administration	277,300	338,300	326,909	11,391
Recreation	117,810	57,000	112,680	(55,680)
Capital outlay	7,000	37,000	10,393	26,607
	<u>402,110</u>	<u>432,300</u>	<u>449,982</u>	<u>(17,682)</u>
Excess (deficit) of revenues over expenditures	31,190	-	143,281	143,281
Fund balance - beginning	<u>738,415</u>	<u>738,415</u>	<u>738,415</u>	
Fund balance - ending	<u>\$ 769,605</u>	<u>\$ 738,415</u>	<u>\$ 881,696</u>	

(See Independent Auditor's Report)

OTHER SUPPLEMENTARY INFORMATION

ST. TAMMANY PARISH RECREATION DISTRICT NO. 4
SCHEDULE OF GOVERNING BOARD
FOR THE YEAR ENDED DECEMBER 31, 2024

<u>Board of Commissioners</u>	<u>Compensation</u>
Mike Sevante	\$ -
Ashley Ray	\$ -
Kalil Batiste	\$ -
Jonathan Meadows	\$ -
Dana Icenhower	\$ -
Karen Raymond	\$ -
Nanette Ziegler	\$ -

(See independent Auditor's Report)

ST. TAMMANY PARISH RECREATION DISTRICT NO. 4
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER
PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2024

(See Independent Accountants' Review Report)

	Anthony Henry Executive Director	
	\$	58,462
Salary		58,462
FICA and Medicare		<u>10,577</u>
Total compensation, benefits, and other payments	\$	<u><u>69,038</u></u>

(See Independent Auditor's Report)

**OTHER REPORT REQUIRED BY
*GOVERNMENT AUDITING STANDARDS***



**INDEPENDENT AUDITORS' 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***

To the Board of Commissioners of
St. Tammany Parish Recreation District No. 4
Lacombe, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the *Louisiana Governmental Audit Guide*, 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 and the major fund of St. Tammany Parish Recreation District No. 4 as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise St. Tammany Parish Recreation District No. 4's basic financial statements, and have issued our report thereon dated June 16, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered St. Tammany Parish Recreation District No. 4'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 St. Tammany Parish Recreation District No. 4's internal control. Accordingly, we do not express an opinion on the effectiveness of St. Tammany Parish Recreation District No. 4's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 a 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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2024-001 to be material weaknesses.



To the Board of Commissioners of
St. Tammany Parish Recreation District No. 4
Lacombe, Louisiana

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2024-002, 2024-003 to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether St. Tammany Parish Recreation District No. 4's financial statements are free from 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 financial statements. 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*.

The Recreation District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely 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. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

June 16, 2025
Mandeville, Louisiana

Ericksen Krentel, LLP
Certified Public Accountants

ST. TAMMANY PARISH RECREATION DISTRICT NO. 4
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2024

SECTION I- SUMMARY OF AUDITORS' REPORT

1. The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the St. Tammany Parish Recreation District No. 4 (the District).
2. Two significant deficiencies and one material weakness in internal control relating to the audit of the financial statements are reported in the Independent Auditors' 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*.
3. No instances of noncompliance material to the financial statements was reported in the Independent Auditors' 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*.
4. A management letter was not issued for the year ended December 31, 2024.

SECTION I SUMMARY OF FINANCIAL STATEMENT FINDINGS

Material Weaknesses

Finding 2024-001 Maintaining Depreciation Schedules

Criteria: Governments should maintain a subsidiary capital assets ledger that is, in effect, a database for governmental capital assets reported on the accrual basis in the government-wide statement of net position. Although this ledger may serve as an inventory of capital assets, the ledger should also capture information about assets that meet the government's capitalization threshold for financial reporting purposes. This ledger should also track depreciation expense reported in the government-wide and proprietary fund statements, as well as the departmental allocation of depreciation expense.

Condition: The District did not maintain its governmental depreciation schedule. The District also recorded capital asset purchases to expenditure accounts.

Cause: The District experienced turnover in its accounting personnel, which led to inconsistent maintenance of the depreciation schedule. While some staff members began to update the schedule, departures prevented sustained upkeep.

Effect: Capital assets that are no longer in service remain on the schedule; capital assets that should be added are not; depreciation expense is not properly reflected in the financial statements. Capital assets are understated, and expenditures are overstated.

Recommendation: We suggest that the District use the current version of the schedule provided by the audit team as a starting point and continue to update it going forward.

Status: Repeated finding not corrected. See Finding 2023-002 in the Summary Schedule of Prior Audit Findings.

ST. TAMMANY PARISH RECREATION DISTRICT NO. 4
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2024

SECTION I SUMMARY OF FINANCIAL STATEMENT FINDINGS (CONTINUED)

Material Weaknesses (continued)

Management's Response: The District agrees with the recommendation. The District intends to use the provided depreciation schedule as a base and will work to update and maintain it going forward. The District is also continuing efforts to build consistency within its internal bookkeeping processes and will ensure the outsourced Treasurer provides oversight to maintain accuracy.

Significant Deficiencies

Finding 2024-002 Improper Recording of Inventories

Criteria: The inventories of governmental entities usually are materials and supplies necessary for providing operating services (for example, water meters, spare parts, forms, and documents) rather than goods purchased or produced for resale. One exception would be food items acquired by a governmental unit for resale in a cafeteria or snack bar.

Condition: The District recorded several transactions to inventories that do not meet the criteria numerated above.

Cause: The District experienced changes in bookkeeping personnel during the year. were incorrectly recorded to inventory.

Effect: Inventories were overstated, and expenditures were understated. Adjusting journal entries made to reclassify these amounts out of inventory to correct accounts.

Recommendation: Exclude non-inventory items from the inventory's asset.

Status: Repeated finding not corrected. See Finding 2023-004 in the Summary Schedule of Prior Audit Findings.

Management's Response: The District will work with its current outsourced bookkeepers and internal staff to ensure that non-inventory items are appropriately classified. The District intends to use guidance from the auditors and improve oversight from its outsourced Treasurer to avoid misclassification going forward.

Finding 2024-003 Understated Beginning Fund Balance and Net Position

Criteria: Revenue should be recognized in the fiscal period for the property taxes are levied and presented appropriately as ad valorem tax revenue or property tax revenue.

Condition: The District has not recorded prior periods' journal entries.

Cause: The District changed outsourced bookkeepers several times during the year.

Effect: Beginning fund balance and net position were understated.

ST. TAMMANY PARISH RECREATION DISTRICT NO. 4
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2024

SECTION I SUMMARY OF FINANCIAL STATEMENT FINDINGS (CONTINUED)

Significant Deficiencies (Continued)

Status: Repeated finding not corrected. See Finding 2023-005 in the Summary Schedule of Prior Audit Findings.

Recommendation: We recommend that the District perform a year-end reconciliation between internal financial statements and the audited financial statements to ensure all required journal entries are recorded timely.

Management's Response: The District will implement the recommendation. The new 2024 Board of Directors has taken a more proactive approach to financial statements review.

SECTION II MANAGEMENT LETTER

There was no management letter issued for the year ended December 31, 2024.

ST. TAMMANY PARISH RECREATION DISTRICT NO. 4
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2024

SECTION I SUMMARY OF FINANCIAL STATEMENT FINDINGS

Material Weaknesses

Finding 2023-001 Improper Revenue Recognition

Criteria: Revenue should be recognized in the fiscal period for the property taxes are levied and presented appropriately as ad valorem tax revenue or property tax revenue. Transfers between cash and cash equivalents accounts should be recorded as transfers to the general ledger.

Condition: A portion of the ad valorem tax revenue collected during the year was improperly recorded to an other income account. Transfers from one cash and cash equivalents account was recorded to other income.

Cause: The District changed outsourced bookkeepers several times during the year.

Effect: Revenues were misclassified. Revenues were overstated.

Recommendation: Internally track the receipts of ad valorem payments received from the Sheriff's Office and compare what has been recorded to the accounting system. Record transfers as transfers.

Management's Response: The District will implement the recommendation. The District is actively working on rectifying the finding through better consistency in its internal bookkeeping personnel and active oversight by its outsourced Treasurer.

Status: This finding has been resolved as of December 31, 2024.

Finding 2023-002 Maintaining Depreciation Schedules

Criteria: Governments should maintain a subsidiary capital assets ledger that is, in effect, a database for governmental capital assets reported on the accrual basis in the government-wide statement of net position. Although this ledger may serve as an inventory of capital assets, the ledger should also capture information about assets that meet the government's capitalization threshold for financial reporting purposes. This ledger should also track depreciation expense reported in the government-wide and proprietary fund statements, as well as the departmental allocation of depreciation expense.

Condition: The District did not maintain its governmental depreciation schedule. The District also recorded capital asset purchases to expenditure accounts.

Cause: The District experienced significant turnover in its accounting function during the year.

ST. TAMMANY PARISH RECREATION DISTRICT NO. 4
SCHEDULE OF PRIOR YEAR FINDINGS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2024

SECTION I SUMMARY OF FINANCIAL STATEMENT FINDINGS (CONTINUED)

Material Weaknesses (continued)

Finding 2023-002 Maintaining Depreciation Schedules (continued)

Effect: Capital assets that are no longer in service remain on the schedule; capital assets that should be added, are not; depreciation expense is not properly reflected in the financial statements. Also, capital assets are understated, and expenditures are overstated.

Recommendation: The District should incorporate maintaining the depreciation schedule in its monthly accounting process with the outsourced CPA.

Management's Response: The District will implement the recommendation. The District is actively working on rectifying the finding through better consistency in its internal bookkeeping personnel and active oversight by its outsourced Treasurer.

Status: This finding has not been resolved as of December 31, 2024.

Finding 2023-003 Improper Bank Reconciliation Procedures

Criteria: Bank reconciliations should be performed on a monthly basis for all cash and cash equivalent accounts.

Condition: The District failed to perform bank reconciliations for all cash and cash equivalent account. One side of a number of transfers between cash and cash equivalents were not recorded.

Cause: The District changed outsourced bookkeepers several times during the year.

Effect: Cash was overstated.

Recommendation: Perform bank reconciliations on a monthly basis for all cash and cash equivalent accounts.

Management's Response: The District will implement the recommendation. The District is actively working on rectifying the finding through better consistency in its internal bookkeeping personnel and active oversight by its outsourced Treasurer.

Status: This finding has been resolved as of December 31, 2024.

ST. TAMMANY PARISH RECREATION DISTRICT NO. 4
SCHEDULE OF PRIOR YEAR FINDINGS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2024

SECTION I SUMMARY OF FINANCIAL STATEMENT FINDINGS (CONTINUED)

Significant Deficiencies

Finding 2023-004 Improper Recording of Inventories

Criteria: The inventories of governmental entities usually are materials and supplies necessary for providing operating services (for example, water meters, spare parts, forms, and documents) rather than goods purchased or produced for resale. One exception would be food items acquired by a governmental unit for resale in a cafeteria or snack bar.

Condition: The District recorded several transactions to inventories that do not meet the criteria numerated above.

Cause: The District changed outsourced bookkeepers several times during the year.

Effect: Inventories were overstated and expenditures were understated. Adjusting journal entries made to reclassify these amounts out of inventory to correct accounts.

Recommendation: Exclude non-inventory items from the inventories asset.

Management's Response: The District will implement the recommendation. The District is actively working on rectifying the finding through better consistency in its internal bookkeeping personnel and active oversight by its outsourced Treasurer.

Status: This finding has not been resolved as of December 31, 2024.

Finding 2023-005 Understated Beginning Fund Balance and Net Position

Criteria: Revenue should be recognized in the fiscal period for the property taxes are levied and presented appropriately as ad valorem tax revenue or property tax revenue.

Condition: The District has not recorded prior periods' journal entries.

Cause: The District changed outsourced bookkeepers several times during the year.

Effect: Beginning fund balance and net position were understated.

Recommendation: Compare internal year-end financial statements to reported year-end financial statements.

Management's Response: The District will implement the recommendation. The District is actively working on rectifying the finding through better consistency in its internal bookkeeping personnel and active oversight by its outsourced Treasurer. Additionally, the new 2024 Board of Directors has taken a more proactive approach to financial statements review.

ST. TAMMANY PARISH RECREATION DISTRICT NO. 4
SCHEDULE OF PRIOR YEAR FINDINGS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2024

SECTION I SUMMARY OF FINANCIAL STATEMENT FINDINGS (CONTINUED)

Significant Deficiencies (continued)

Finding 2023-005 Understated Beginning Fund Balance and Net Position (continued)

Status: This finding has not been resolved as of December 31, 2024.

Noncompliance

Finding 2023-006 Noncompliance with Fiscal Agency and Cash Management Laws

Criteria: Louisiana Revised Statute 39:1221 requires that local depositing authorities shall obtain additional security for deposits in excess of amounts insured by the Federal Deposit Insurance Corporation (FDIC).

Condition: Deposits were exposed to credit risk due to inadequate collateralization of bank deposits in excess of FDIC coverage.

Cause: Lack of controls or procedures to ensure that all depository institutions in which the District's funds are held are providing additional security for deposits in excess of FDIC coverage.

Effect: Public funds were exposed to credit risk.

Recommendation: Implementation of controls or procedures to ensure that all depository institutions in which the District's funds are held are providing additional security for deposits in excess of FDIC coverage.

Management's Response: The District will implement the recommendation. The District is actively working on rectifying the finding through better consistency in its internal bookkeeping personnel and active oversight by its outsourced Treasurer. Additionally, the new 2024 Board of Directors has taken a more proactive approach to bank statements review and requiring banking fiscal agents provide collateral for deposits above FDIC limits.

Status: This finding has been resolved as of December 31, 2024.

SECTION II MANAGEMENT LETTER

There was no management letter issued for the year ended 12/31/2023.



ST. TAMMANY PARISH RECREATION DISTRICT NO. 4
61100 North 12th Street
Lacombe, Louisiana 70445

June 16, 2025

Louisiana Legislative Auditor

St. Tammany Parish Recreation District No. 4 respectfully submits the following corrective action plan for the year ended December 31, 2024.

Name and address of independent public accounting firm:

Ericksen Krentel L.L.P.
2895 Highway 190, Ste 213
Mandeville, LA 70471

Audit Period: January 1, 2024 – December 31, 2024

The finding from the December 31, 2024 management letter is discussed below. The finding is numbered consistently with the number assigned in the schedule.

SECTION I FINDINGS - FINANCIAL STATEMENTS AUDIT

Material Weaknesses

Finding 2024-001 Maintaining Depreciation Schedules

Recommendation: The District should incorporate maintaining the depreciation schedule in its monthly accounting process with the outsourced CPA.

Views of Responsible Officials: The District will consider implementing the recommendation. The District is actively working on rectifying the finding.

Significant Deficiencies

Finding 2024-002 Improper Recording of Inventories

Recommendation: Exclude non-inventory items from the inventories asset.

Views of Responsible Officials: The District will consider implementing the recommendation. The District is actively working on rectifying the finding.

Finding 2024-003 Understated Beginning Fund Balance and Net Position

Recommendation: Compare internal year-end financial statements to reported year-end financial statements.

Views of Responsible Officials: The District will consider implementing the recommendation. The District is actively working on rectifying the finding.

SECTION II MANAGEMENT LETTER

Not applicable.

If there are any questions regarding this plan, please contact Mike Sevante, Chairman of Board, 61100 N. 12th Street Lacombe, Louisiana 70445.

Sincerely,



Signature MICHAEL R. SEVANTE



Title