

**RECREATION DISTRICT NO.3 OF
TANGIPAOA PARISH
(A Component Unit of the Tangipahoa Parish Government)**

ANNUAL FINANCIAL REPORT

**As of and for the Year Ended
December 31, 2022**

**RECREATION DISTRICT NO. 3 OF TANGIPAHOA PARISH
(A Component Unit of the Tangipahoa Parish Government)**

Annual Financial Report
As of and for the Year Ended December 31, 2022

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Independent Auditor's Report

John Smith, Board President
and Members of the Board
Tangipahoa Parish Recreation District No. 3
Amite, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the general fund of Tangipahoa Parish Recreation District No. 3, a component unit of Tangipahoa Parish Government, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise Tangipahoa Parish Recreation District No. 3'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 general fund of Tangipahoa Parish Recreation District No. 3, as of December 31, 2022, 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.

Basis for Opinions

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. 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 Tangipahoa Parish Recreation District No. 3 and to meet our 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 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 and for 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 Tangipahoa Parish Recreation District No. 3'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

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 judgement 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 judgement 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 Tangipahoa Parish Recreation District No. 3'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Tangipahoa Parish Recreation District No. 3'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 24 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 inquires 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.

Tangipahoa Parish Recreation District No. 3
July 28, 2023

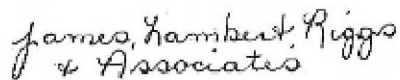
Management has omitted the management’s discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Tangipahoa Parish Recreation District No. 3’s basic financial statements. The accompanying Schedule of Compensation, Reimbursements, Benefits, and Other Payments to Agency Head and the Schedule of Compensation Paid to Board Members are presented for purposes of additional analysis and are 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 Compensation, Reimbursements, Benefits, and Other Payments to Agency Head and the Schedule of Compensation Paid to Board Members 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 July 28, 2023, on our consideration of Tangipahoa Parish Recreation District No. 3’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 Tangipahoa Parish Recreation District No. 3’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 Tangipahoa Parish Recreation District No. 3’s internal control over financial reporting and compliance.



James Lambert Riggs & Associates, Inc.
Hammond, Louisiana

July 28, 2023

BASIC FINANCIAL STATEMENTS

Recreation District No. 3 of Tangipahoa Parish
(A Component Unit of the Tangipahoa Parish Government)

Statement A

Statement of Net Position
December 31, 2022

Governmental
Activities

Assets

Current Assets:

Cash and Cash Equivalents

\$ 71,197

Restricted Assets:

Cash and Cash Equivalents

490,124

Accounts Receivable, Net

563,761

Capital Assets:

Land and Construction in Progress

564,552

Other Capital Assets, net of depreciation

2,788,849

Total Assets

4,478,483

Deferred Outflow of Resources

Deferred charge on refunding

532,786

Total Deferred Outflow of Resources

532,786

Liabilities

Accounts Payable

6,533

Accrued Interest - Payable from restricted assets

38,758

Pension Fund Mandate Payable - Payable from restricted assets

19,305

Long - Term Debt - Current

91,475

Long - Term Debt - Non Current

3,484,279

Total Liabilities

3,640,350

Net Position

Net Investment in Capital Assets

502,880

Restricted for Debt Service and Capital Projects

803,375

Unrestricted

64,664

Total Net Position

\$ 1,370,919

The accompanying notes are an integral part of this statement.

Recreation District No. 3 of Tangipahoa Parish
(A Component Unit of the Tangipahoa Parish Government)

Statement B

STATEMENT OF ACTIVITIES
For the year ended December 31, 2022

<u>Governmental Activities</u>	
Expenses	
Parks and Recreation services:	
Salaries	\$ 59,178
Payroll Taxes	3,970
Retirement	1,327
Auditing	9,000
Accounting	17,845
Legal	13,590
Insurance	4,052
Contract Labor	111,357
Concession Stand Supplies	23,196
Supplies	30,808
Repair and Maintenance- Buildings	1,288
Repair and Maintenance- Grounds	20,040
Office Expense	1,145
Miscellaneous	1,055
Official Journal	115
Per Diem - Board	1,125
Telephone	400
Travel	692
Website Design	300
Utilities	13,349
Pension Fund Mandate	19,305
Interest Expense	181,090
Depreciation Expense	78,483
Total Expense	592,710
 Program Revenues	
Parks and Recreation services:	
Park Rental Fees	9,176
Concession Stand Sales	14,580
Total Program Revenues	23,756
Net Program (Expenses)	(568,954)
 General Revenues	
Ad Valorem Taxes	507,647
State Revenue Sharing	17,535
Miscellaneous Income	5,995
Interest Earnings	6,632
Total General Revenues	537,809
Change in Net Position	(31,145)
Net Position - Beginning of year	1,402,064
Net Position - End of year	\$ 1,370,919

The accompanying notes are an integral part of this statement.

Recreation District No. 3 of Tangipahoa Parish
(A Component Unit of the Tangipahoa Parish Government)

Statement C

Balance Sheet
Government Fund
December 31, 2022

		<u>General Fund</u>
Assets		
Cash and Cash Equivalents	\$	71,197
Accounts Receivable, Net		563,761
Restricted Cash and Cash Equivalents		490,124
Total Assets	\$	<u>1,125,082</u>
Liabilities		
Accounts Payable	\$	6,533
Pension Fund Mandate Payable		19,305
Total Liabilities		<u>25,838</u>
Fund Balance		
Restricted for Debt Service and Capital Projects		1,034,580
Unassigned		64,664
Total Fund Balances		<u>1,099,244</u>
Total Liabilities, and Fund Balances	\$	<u>1,125,082</u>

The accompanying notes are an integral part of this statement.

Recreation District No. 3 of Tangipahoa Parish
(A Component Unit of the Tangipahoa Parish Government)

Statement D

Reconciliation of the Governmental Fund Balance Sheet to
the Government - Wide Statement of Net Position
December 31, 2022

Total Fund Balance, Governmental Fund (Statement C) \$ 1,099,244

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. These assets consist of:

Governmental capital assets, net of depreciation 3,353,401

Deferred outflows of resources are not available to pay for current - period expenditures and, therefore are not reported in the governmental funds statements. 532,786

Some liabilities are not due and payable from current resources therefore, are not reported in the governmental funds:

Accrued Interest (38,758)
Limited Tax Revenue and Refunding Bonds payable (3,540,000)
Premium on Bonds payable (35,754)

Net Position of Governmental Activities (Statement A) \$ 1,370,919

The accompanying notes are an integral part of this statement.

Recreation District No. 3 of Tangipahoa Parish
(A Component Unit of the Tangipahoa Parish Government)

Statement E

Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund
For the Year Ended December 31, 2022

	General Fund
Revenues	
Ad Valorem Taxes	\$ 507,647
State Revenue Sharing	17,535
Interest Income	6,632
Miscellaneous	5,995
Park Rental Fees	9,176
Concession Stand Sales	14,580
Total Revenues	561,565
 Expenditures	
Parks and Receptions:	
Salaries	59,178
Payroll Taxes	3,970
Retirement	1,327
Auditing	9,000
Accounting	17,845
Legal	13,590
Insurance	4,052
Contract Labor	111,357
Concession Stand Supplies	23,196
Supplies	30,808
Office Expense	1,145
Miscellaneous	1,055
Official Journal	115
Per Diem - Board	1,125
Repairs and Maintenance-Buildings	1,288
Repairs and Maintenance- Grounds	20,040
Telephone	400
Travel	692
Website Design	300
Utilities	13,349
Pension Fund Mandate	19,305
Debt Service - Principal	90,000
Debt Service - Interest	161,157
Capital Outlay	52,309
Total Expenditures	636,603
 Net Change in Fund Balance	(75,038)
 Fund Balance - Beginning of the Year	1,174,282
 Fund Balance - End of the Year	\$ 1,099,244

The accompanying notes are an integral part of this statement.

Recreation District No. 3 of Tangipahoa Parish
(A Component Unit of the Tangipahoa Parish Government)

Statement F

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

For the Year Ended December 31, 2022

Net Change in Fund Balance - Total Governmental Funds (Statement E)	\$	(75,038)
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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 those assets is allocated over their estimated useful lives and reported as depreciation expense. These differences consist of:

Capital outlay	52,309	
Less: Current Year Depreciation	(78,483)	(26,174)

The issuance of long-term debt provides current financial resources to the governmental funds, but issuing debt increases long term liabilities in the statement of net position. Repayment of the principal of long term debt consumes the current financial resources of the governmental fund, but the repayment reduces long term liabilities in the statement on net position. Neither transaction, however, has any effect on net position.

Repayment of bond principal		90,000
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Interest expense differs from the amount reported in governmental funds as follows:

In the statement of activities, interest is accrued on outstanding debt, whereas in governmental funds, an interest expenditure is reported when due.		562
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Deferred outflow of resources related to the advance refunding of debt is being amortized (and recorded to interest expense).		(21,970)
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Bond premiums are being amortized (and recorded to interest expense)		1,475
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Change in Net Position of Governmental Activities (Statement B)	\$	(31,145)
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The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

Recreation District No. 3 of Tangipahoa Parish
(A Component Unit of the Tangipahoa Parish Government)

NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2022

Recreation District No. 3 of Tangipahoa Parish (District), was created by ordinance of the Tangipahoa Parish Council on June 9, 1997, "...as a recreation district to consist of territorial lands and property, both real and personal in the parish, under and by virtue of the authority conferred by chapter 11, Title 33 of the Louisiana Revised Statutes of 1950 and other constitutional and statutory authority supplemental thereto, a Recreation District's hereby created within the Parish of Tangipahoa Parish, State of Louisiana."

The District contains within its limits one municipality, the Town of Amite City. 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 authorized by law. Major revenues for the District include ad valorem taxes and state revenue sharing. Major expenditures of the District include capital outlay and debt service.

1. Summary of Significant Accounting Policies

A. Basis of Presentation

The accounting and reporting policies of the District conform to generally accepted accounting principles (GAAP) as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Such accounting and reporting procedures also conform to LRS 24:513 and to the guidance set forth in the Louisiana *Governmental Audit Guide*, and to the industry audit guide, *Audits of State and Local Governmental Units*.

This financial report has been prepared in conformity with GASB Statement 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended. However, management has elected to not present the Management's Discussion and Analysis.

B. Financial Reporting Entity

All board members of the District are appointed by the Tangipahoa Parish Government. As the governing authority of the parish, for reporting purposes, the Tangipahoa Parish Government is the financial reporting entity for Tangipahoa Parish. The financial reporting entity consists of (a) primary government (parish council), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Because the board members of the District are appointed by the Tangipahoa Parish Government, the District was determined to be a component unit of the Tangipahoa Parish Government, the financial reporting entity.

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 governmental services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

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.

Recreation District No. 3 of Tangipahoa Parish
(A Component Unit of the Tangipahoa Parish Government) – continued

Notes to the Financial Statements
As of and for the Year Ended December 31, 2022

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, deferred outflows of resources, liabilities, and deferred inflow of resources is reported as fund balance. In general, fund balance represents the accumulated expendable resources that may be used to finance future period programs or operations of the District. The District's only fund, the general fund, is classified as a governmental type activity.

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. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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) grant and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, interest earnings, and other revenues not properly included among program revenues are reported instead as general revenues. The District does not allocate indirect expenses.

The District previously implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB Statement No. 63, effective for financial statement periods ending after December 15, 2012, provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined *Deferred Outflows of Resources* as a consumption of net position by the government that is applicable to a future reporting period, and *Deferred Inflows of Resources* as an acquisition of net position by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. GASB Concepts Statement 4 identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The definition and reporting of net position is further described in *Note 1K - Net Position*.

The District also previously implemented GASB Statements No. 65, *Items Previously Reported as Assets and Liabilities*. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

The District had deferred outflows of resources at December 31, 2022, in the amount of \$532,786 reported in governmental activities Statement of Net Position related to the advance refunding of debt in 2017 (See Note 1J and Notes 6 and 8 for further discussion on the refunding).

Recreation District No. 3 of Tangipahoa Parish
(A Component Unit of the Tangipahoa Parish Government) – continued

Notes to the Financial Statements
As of and for the Year Ended December 31, 2022

During the year, the District implemented policies established under GASB Statement No.87, *Leases*. The objective of this Statement is to better meet the information needs of the financial statement users by improving accounting and financial reporting for leases by governments. The Statement requires all leases (contracts that conveys control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange-like transaction) to be reported under a single accounting model for both lessors and lessees. Certain leases that were previously classified as operating leases are to be recognized as lease assets and liabilities. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The adoption of this statement did not materially impact the District's governmental activity for the year ended December 31,2022.

Basic Financial Statements - Governmental Funds

The amounts reflected in the General 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, 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 - Property taxes, state revenue sharing, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have 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 government.

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 Statement 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 Statement F of the basic financial statements.

E. Deposits and Investments

The District's cash and cash equivalents are 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 accordance with state law, the District limits investments to those allowed under R.S. 33:2955. 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. The District had no investments at December 31, 2022

Recreation District No. 3 of Tangipahoa Parish
(A Component Unit of the Tangipahoa Parish Government) – continued

Notes to the Financial Statements
As of and for the Year Ended December 31, 2022

F. Receivables and Leased Asset Receivables

Receivables are shown net of an allowance for uncollectible. Uncollectible amounts for property taxes are a reduction to the allowance accounts.

Leased asset receivables are a result of leases in which the District has entered into a contract with a lessee that delivers the right to use a nonfinancial asset of the District as specified by the contract for a period of time in an exchange or exchange-like transaction. Such receivables are reported on the government-wide financial statements at present value of the lease payments to be received during the lease term. Additionally, the District would recognize a deferred inflow of resources that is reported at the value of the lease receivable plus any payments received at or before the commencement of the lease for future periods. Assets of agreement entered into in which the District is the lessor are retained as capital assets of the District and are reported in the government-wide financial statements as described in the first paragraph of Note I. The District has not entered into any agreements delivering control of a right to use a nonfinancial asset to a lessee as described above as of December 31, 2022.

G. Restricted Assets

Certain resources of the District are set aside for the construction of the park and debt service and are classified as restricted assets because their use is limited per the bond covenants or grant agreement.

H. Inventory

The District utilizes the "purchase method" of accounting for supplies, whereby expendable operating supplies are recognized as expenditures when purchased. The District had no inventory at December 31, 2022.

I. Capital Assets

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$1,000 or more for capitalizing capital assets.

Capital assets are recorded in the Statement of Net position and Statement of Activities. All capital assets, other than land, are depreciated using the straight - line method over the following estimated useful life years:

<u>Asset Class</u>	<u>Life Years</u>
Roads and Bridges	20
Building and Building Improvements	40
Equipment	3-10
Furniture and Fixtures	3-12
Motor Vehicles	5-10

Right of use assets are a result of leases in which the District has entered into a contract with a lessor that conveys control of the right to use the lessor's nonfinancial asset as specified by the contract for a period of time in an exchange or exchange-like transaction. Such assets are reported on the government-wide financial statements net of amortization. Right of use assets are amortized at the lessor of the useful life or lease term. The District has not entered into any agreements gaining control of the right to use a lessor's nonfinancial assets as described above as of December 31, 2022.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Recreation District No. 3 of Tangipahoa Parish
(A Component Unit of the Tangipahoa Parish Government) – continued

Notes to the Financial Statements
As of and for the Year Ended December 31, 2022

J. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Paragraph 187 of GASB Statement 62 establishes standards of accounting and financial reporting for debt issuance costs. Paragraph 12 of Statement 7 indicates that debt issuance costs include all costs incurred to issue the bonds, including but not limited to insurance costs (net of rebates from the old debt, if any), financing costs (such as rating agency fees), and other related costs (such as printing, legal, administrative, and trustee expenses).

The District has implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, and with the implementation of GASB 65, the recognition of bond-related costs, including the costs related to issuance and refunding of debt, were revised. This standard was intended to complement GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are now expensed in the period incurred under GASB 65. The District incurred and expensed \$48,597 in bond issuance costs associated with the issuance of Limited Tax Revenue and Refunding Bonds, Series 2017 in the year ending December 31, 2017. See further discussion on the bond issuance in *Note 6 - Long Term Obligations* and *Note 8 - Dedication of Proceeds and Flow Funds*.

GASB statement 23, as amended, establishes accounting and financial reporting for current refundings and advance refundings resulting in defeasance of debt. Refundings involve the issuance of new debt whose proceeds are used to repay previously issued ("old") debt. The new debt proceeds may be used to repay the old debt immediately (a current refunding); or the new debt proceeds may be placed with an escrow agent and invested until they are used to pay principal and interest on the old debt at a future time (an advance refunding). As described in paragraphs 3 and 4 of GASB Statement No. 7, *Advance Refundings Resulting in Defeasance of Debt*, an advance refunding may result in the in-substance defeasance of the old debt provided that certain criteria are met.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* provides guidance on reporting difference between the reacquisition price and the net carrying amount of the old debt for current and advance refunding resulting in defeasance of debt. The difference is reported as deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter.

For the year ending December 31, 2017, the District issued \$3,970,000 in Limited Tax Revenue and Refunding Bonds, Series 2017 for the purpose of refunding the District's outstanding bonds, funding a reserve fund, and paying the costs of issuance of the bonds. The District reported \$532,786 in deferred outflows of resources at December 31, 2022, related to the difference between the reacquisition price and the net carrying amount of the old debt for advance refunding resulting in defeasance of debt during the year ending December 31, 2017, less amortization of such amount. See further discussion on the refunding of bonds in *Note 6 - Long Term Obligations* and *Note 8 - Dedication of Proceeds and Flow of Funds*.

K. Net Position

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

Notes to the Financial Statements
As of and for the Year Ended December 31, 2022

1. Net Investment in Capital Assets Component of Net Position - The *net investment in capital assets* component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount should not be included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflows of resources should be included in the same net position component (restricted or unrestricted) as the unspent amount.
2. Restricted - this component of net position consists of noncapital 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 reduced by related liabilities and deferred inflow of resources.
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.

The District has restricted Net Position related to bond restrictions.

L. Fund Balance

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

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.

The District does not have anything that can be classified as Nonspendable Fund Balance.

2. Restricted - amounts in which the use of resources is constrained either by (a) external impositions by creditors, grantors, contributors, or laws or regulations of other governments or (b) impositions by law through constitutional provisions or enabling legislation.

The District has Restricted Fund Balance due to bond restrictions.

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).

The District does not have anything that can be classified as Committed Fund Balance.

4. Assigned Fund Balance - this classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent should be expressed by the District's governing body itself or a committee or official to which the governing body delegated the authority to assign amounts to be used for specific purpose.

The District does not have anything that can be classified as Assigned Fund Balance.

5. Unassigned Fund Balance - this classification is the residual fund balance for the General Fund. It also represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

Recreation District No. 3 of Tangipahoa Parish
(A Component Unit of the Tangipahoa Parish Government) – continued

Notes to the Financial Statements
As of and for the Year Ended December 31, 2022

When fund balance resources are available for a specific purpose in multiple classifications, the District will generally use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed. However, the District’s management reserves the right to selectively spend unassigned resources first and to defer the use of the other classified funds.

M. Estimates

The preparation of financial statements in conformity with U.S.GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

N. Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes were levied by the District in September and 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.

The Tangipahoa Parish Sheriff on behalf of the District bills, collects, and remits the property taxes using the assessed values determined by the tax assessor of Tangipahoa Parish. The following is a summary of authorized and levied ad valorem taxes:

	Authorized Millage	Levied Millage	Expiration Date of Millage
General Fund	15.00	15.00	04/09/2045

2. Stewardship, Compliance, and Accountability

Budgetary Information

The District uses the following budget practice:

The District adopts a budget for the General fund on the modified accrual basis each year.

The budget for the fiscal year ended December 31, 2022, was originally adopted on November 9, 2021.

The budget was amended once during the year. The final amended budget was adopted on November 8, 2022.

3. DEPOSITS AND INVESTMENTS

Cash and cash equivalents and investments as of December 31, 2022, are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and cash equivalents	\$ 71,197
Restricted cash and cash equivalents	490,124
Total cash and cash equivalents and investments	\$ <u>561,321</u>

Deposits and investments as of December 31, 2022, consist of the following:

Interest-bearing deposits	\$ 561,321
Total deposits and investments	\$ <u>561,321</u>

These deposits are stated at cost, which approximates market value. 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.

Recreation District No. 3 of Tangipahoa Parish
(A Component Unit of the Tangipahoa Parish Government) – continued

Notes to the Financial Statements
As of and for the Year Ended December 31, 2022

Custodial credit risk as it relates to cash deposit is the risk that in the event of bank failure, the government's deposits may not be returned. The District does not have a formal policy for custodial credit risk. At December 31, 2022, the District has \$561,321 in deposits (collected bank balances). Of these deposits, \$490,124 are related to the issuance and related construction costs of the District's Limited Tax Bonds. Under the terms of the agreement with Hancock Whitney Bank, the bank maintains control of the funds and disburses funds in accordance with bond documents and at the District's request. These funds are secured by the Trust Department of Hancock Whitney Bank. The remaining deposits of \$71,197 is secured from risk by Federal deposit insurance.

4. Receivables

Receivables are all current and represent revenues earned in 2022 and to be received in 2023 as follows:

	Total
Tangipahoa Parish Sheriff:	
Ad Valorem Taxes	\$ 512,710
State Revenue Sharing	11,689
Grant	50,362
Less: Allowance for Uncollectible	(11,000)
Accounts Receivable, Net	<u>\$ 563,761</u>

5. Capital Assets

The following is a summary of changes in capital assets for the year ended December 31, 2022:

<u>Governmental Activities</u>	<u>Balance</u> <u>01/01/22</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/22</u>
Capital assets not depreciated:				
Land and land improvements	\$ 564,552	\$ -	\$ -	\$ 564,552
Total capital assets, not depreciated	<u>564,552</u>	<u>-</u>	<u>-</u>	<u>564,552</u>
Capital assets, being depreciated				
Buildings	249,065	-	-	249,065
Park	2,587,187	7,814	-	2,595,001
Equipment	3,233	44,495	-	47,728
Office Equipment	833	-	-	833
Total capital assets, being depreciated	<u>2,840,318</u>	<u>52,309</u>	<u>-</u>	<u>2,892,627</u>
Less Accumulated depreciation:				
Buildings	2,987	7,252	-	10,239
Park	21,560	64,875	-	86,435
Equipment	27	6,245	-	6,272
Office Equipment	721	111	--	832
Total accumulated depreciation	<u>25,295</u>	<u>78,483</u>	<u>-</u>	<u>103,778</u>
Total capital assets, being depreciated, net	<u>2,815,023</u>	<u>(26,174)</u>	<u>-</u>	<u>2,788,849</u>
Governmental activities capital assets, net	<u>\$ 3,379,575</u>	<u>\$ (26,174)</u>	<u>\$ -</u>	<u>\$ 3,353,401</u>

Depreciation was charged to governmental functions as follows:

Parks and Recreation	\$ 78,483
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Recreation District No. 3 of Tangipahoa Parish
(A Component Unit of the Tangipahoa Parish Government) – continued

Notes to the Financial Statements
As of and for the Year Ended December 31, 2022

6. Long -Term Obligations

A. The following is a summary of changes in long-term obligations for the year ended December 31, 2022

<u>Governmental Activities:</u>	<u>Balance</u> <u>1/1/22</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/22</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Series 2017: Limited Tax and Refunding Bonds	\$ 3,630,000	\$ -	\$ 90,000	\$ 3,540,000	\$ 90,000
Debt Issuance Premium	37,229	-	1,475	35,754	1,475
	<u>\$ 3,667,229</u>	<u>\$ -</u>	<u>\$ 91,475</u>	<u>\$ 3,575,754</u>	<u>\$ 91,475</u>

B. Bonds:

\$3,970,000 Limited Tax and Refunding bonds (Recreation District No.3 of Tangipahoa Parish Project), Series 2017 dated March 29, 2017, due in semi-annual installments of interest and maturing annually in amounts ranging from \$80,000 - \$235,000 through April 1, 2046; with interest between 2% and 5%.

\$3,540,000

C. Debt Service Requirements to Maturity

The annual requirements to amortize the Limited Tax and Refunding Bonds debt outstanding as of December 31, 2022, including interest, are as follows:

	<u>BONDS</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	90,000	153,681	243,681
2024	95,000	150,906	245,906
2025	100,000	147,881	247,881
2026	100,000	144,681	244,681
2027	105,000	141,244	246,244
2028-2032	580,000	643,105	1,223,105
2033-2037	705,000	512,457	1,217,457
2038-2042	885,000	331,979	1,216,979
2043-2046	880,000	90,500	970,500
TOTAL	<u>\$ 3,540,000</u>	<u>\$ 2,316,434</u>	<u>\$ 5,856,434</u>

Interest expense of \$161,157 in the general fund for the year consisted of \$161,157 paid on the 2017 bonds. Additionally, interest expense for governmental activities of \$181,090 includes a \$562 change in accrued interest on the 2017 bonds, \$21,970 amortization of deferred outflow, and \$1,475 of amortization of premium.

7. Ad Valorem Taxes

For the year ended December 31, 2022, taxes were levied on property with taxable assessed valuations totaling \$34,180,256.

Total taxes levied were \$512,710. At December 31, 2022, the ad valorem tax receivable was \$512,710. The ad valorem taxes receivable at December 31, 2022, is recorded net of a \$11,000 allowance for uncollectible taxes.

Recreation District No. 3 of Tangipahoa Parish
(A Component Unit of the Tangipahoa Parish Government) – concluded

Notes to the Financial Statements
As of and for the Year Ended December 31, 2022

8. Dedication of Proceeds and Flow of Funds

Proceeds of the 30 year special tax 15 mills on the dollar of assessed valuation on all property on the dollar of assessed valuation on all property subject to taxation in the District are dedicated for the purpose of constructing, improving, maintaining, and operating recreational facilities for the District.

The District, through its governing authority, adopted a resolution on August 9, 2016, authorizing the issuance of \$10,935,000 of Limited Tax Bonds of Recreation District No. 3 of Tangipahoa Parish Series 2016, for the purpose of construction, and improving recreational facilities, and secured by and payable from an irrevocable pledge and dedication of the revenue derived from the levy and collection of ad valorem tax of 15 mills.

On March 29, 2017, the District issued \$3,970,000 in Limited Tax and refunding Bonds, Series 2017 (\$2,785,000 new money bonds (limited tax revenue) and \$1,185,000 refunding bonds), at a premium of \$44,235 for the purpose of refunding the Series 2016 outstanding bonds, funding a reserve fund, and paying the costs of issuance of the bonds. The bonds issued with premium included \$1,189,676 in refunding bonds and premium and \$2,842,559 in new money bonds (limited tax revenue bonds) and premium. \$1,096,407.50 of the total Series 2017 bond proceeds plus \$10,107,266.06 of reserve and construction funds of the Series 2016 bonds were used to purchase US government securities. These securities were deposited in an irrevocable trust with an escrow agent to provide for the 2017 to 2046 debt service payments on the Series 2016 bonds. These bonds maturing April 1, 2027, and thereafter will be called for redemption on April 1, 2026 at a price equal to the principal amount thereof plus accrued interest from the most recent interest payment date to which interest has been paid or duly called for. As a result, the \$9,405,000 outstanding 2016 Series bonds were considered in-substance defeased and the liability for those bonds was removed from the District's books at December 31, 2017. The District reported \$659,114 in deferred outflows of resources related to the difference between the reacquisition price and the net carrying amount of the old debt for current and advance refunding resulting in defeasance of debt. At December 31, 2022, the District had \$532,786 of unamortized deferred outflow of resources.

As of December 31, 2022, the District was in compliance with all bond covenants.

9. Litigation

There is no litigation pending against the District at December 31, 2022.

10. Commitments

As of December 31, 2022, the District has no commitments.

11. 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. The exemption is granted per contract with the Louisiana Department of Economic Development and will specify the buildings and / or personal property items covered by the exemption. There are currently twenty-five tax abatements in Tangipahoa Parish, related to twelven companies, under the Louisiana ITEP. For the 2022 calendar year, the estimated forgone ad valorem taxes due to the District due to this abatement program was \$11,972.77

12. Subsequent events

Subsequent events have been evaluated by management through July 28, 2023, the date the financial statements were available for issuance. No other events were noted requiring recording or additional disclosure in the financial statements for the year ending December 31, 2022.

REQUIRED SUPPLEMENTARY INFORMATION
(Part II)

Recreation District No. 3 of Tangipahoa Parish
(A Component Unit of the Tangipahoa Parish Government)

Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual
Governmental Fund Type-General Fund
For the Year Ending December 31, 2022

Schedule 1

	Original Budget	Amended Final Budget	Actual Amounts GAAP Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Ad Valorem Taxes	\$ 450,000	460,000	\$ 507,647	\$ 47,647
State Revenue Sharing	18,000	18,000	17,535	(465)
Interest and Investment Earnings	2,000	1,600	6,632	5,032
Miscellaneous	-	5,995	5,995	-
Rental Fees	15,000	8,000	9,176	1,176
Concession Sales	6,000	14,100	14,580	480
Total Revenues	<u>491,000</u>	<u>507,695</u>	<u>561,565</u>	<u>53,870</u>
Expenditures				
Parks and Recreations:				
Salaries	44,000	60,000	59,178	822
Payroll Taxes	3,569	4,000	3,812	188
Retirement	-	1,600	1,327	273
Employee Benefits- Health Insurance	-	1,650	-	1,650
Workers Comensation Insurance	440	600	158	442
Auditing	8,000	9,000	9,000	-
Accounting	18,000	18,000	17,845	155
Legal	15,000	15,000	13,590	1,410
Insurance	4,000	3,800	4,052	(252)
Contract Labor	72,400	120,000	111,357	8,643
Concession stand supplies	3,000	22,000	23,196	(1,196)
Supplies	-	25,000	30,808	(5,808)
Repairs & Maintenance- Buildings	-	10,000	1,288	8,712
Repairs & Maintenance-Grounds	-	35,000	20,040	14,960
Office Expense	3,000	1,000	1,145	(145)
Miscellaneous	500	1,000	1,055	(55)
Official Journal	1,000	500	115	385
Per Diem- Board	1,500	1,200	1,125	75
Postage	500	-	-	-
Security for Tournaments	3,500	-	-	-
Advertising	3,000	-	-	-
Bank Service Charges	200	-	-	-
Telephone	1,200	400	400	-
Travel	1,200	300	692	(392)
Website Design	1,800	300	300	-
Utilities	11,200	12,500	13,349	(849)
Pension Fund Mandate	19,000	19,000	19,305	(305)
Debt Service-Principal	90,000	90,000	90,000	-
Debt Service-Interest	161,156	161,157	161,157	-
Capital Outlay	32,000	53,500	52,309	1,191
Total Expenditures	<u>499,165</u>	<u>666,507</u>	<u>636,603</u>	<u>29,904</u>
Net Change in Fund Balance	(8,165)	(158,812)	(75,038)	83,774
Fund Balance at Beginning of Year	<u>1,174,282</u>	<u>1,174,282</u>	<u>1,174,282</u>	<u>-</u>
Fund Balance at End of Year	<u>\$1,166,117</u>	<u>\$1,015,470</u>	<u>\$ 1,099,244</u>	<u>\$ 83,774</u>

OTHER SUPPLEMENTARY INFORMATION

Recreation District No. 3 of Tangipahoa Parish
(A Component Unit of the Tangipahoa Parish Government)

SCHEDULE OF COMPENSATION, REIMBURSEMENTS, BENEFITS,
AND OTHER PAYMENTS TO AGENCY HEAD
For the Year Ended December 31, 2022

Agency Head: John Smith, Chairman of the Board

Compensation paid as commissioner per diem for the year ended December 31, 2022

John Smith

\$275

Recreation District No. 3 of Tangipahoa Parish
 (A Component Unit of the Tangipahoa parish Government)
SCHEDULE OF COMPENSATION PAID TO BOARD MEMBERS

For the year ended December 31, 2022

	<u>Term</u>	<u>Term Expires</u>	<u>Compensation Paid</u>
Gerald Giardina 228 S. First St. Amite, LA 70422 985-507-7070	3	April 2025	\$275
Wayne Johnson P.O. Box 1229 Amite, LA 70422 985-662-4148	3	April 2025	275
John Smith 60244 Isreal Cutrer Rd. Amite, LA 70422 985-517-1397	2	April 2026	275
Brian "B.T." Callihan 611 Suzanne Drive Amite, LA 70422 985-517-9917	2	April 2023	250
Matthew Bridges 605 Hardy Street Amite, LA 70422 985-514-6882	1	April 2024	50
			\$ 1,125

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



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*

John Smith, Board President
and Members of the Board
Tangipahoa Parish Recreation District No. 3
Amite, 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 and the general fund of Tangipahoa Parish Recreation District No. 3, a component unit of Tangipahoa Parish Government, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise Tangipahoa Parish Recreation District No. 3's basic financial statements, and have issued our report thereon dated July 28, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Tangipahoa Parish Recreation District No. 3's internal control over financial reporting (internal control) as a basis for designing 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 Tangipahoa Parish Recreation District No. 3's internal control. Accordingly, we do not express an opinion on the effectiveness of Tangipahoa Parish Recreation District No. 3'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 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. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weaknesses, yet important enough to merit attention by those charged with governance.

Our consideration of the 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 were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings, recommendations, and responses as items 2022-001 and 2022-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Tangipahoa Parish Recreation District No. 3'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

Tangipahoa Parish Recreation District No. 3
June 13, 2022

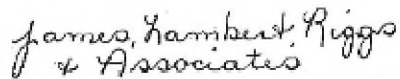
audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings, recommendations, and responses as item 2022-003.

Tangipahoa Parish Recreation District No. 3's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Tangipahoa Parish Recreation District No. 3's response to the findings identified in our audit and described in the accompanying schedule of findings, recommendations, and responses. The Tangipahoa Parish Recreation District No. 3'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.



James Lambert Riggs & Associates, Inc.
Hammond, Louisiana

July 28, 2023

Tangipahoa Parish Recreation District No. 3
Amite, Louisiana
Schedule of Findings, Recommendations, and Responses
For the Year Ended December 31, 2022

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 and the general fund of Tangipahoa Parish Recreation District No. 3 as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise Tangipahoa Parish Recreation District No. 3's basic financial statements, and have issued our report thereon dated July 28, 2023. 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> X </u>	Yes	<u> </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

2022-001 – Debit Card Procedures

Condition:

A total of 136 debit card transactions took place during 2022. We sampled 25 individual debit card transactions for testing and noted the following issues:

- Out of the sample of 25 debit card transactions tested, documentation was not located for 6 of the transactions, which results in an error rate of 24%.
- The Park Director maintains control of the debit card and is authorized to make purchases for the District. No purchase order or other type of pre-approval is required before purchases can be made on the debit card.
- Debit card receipts are sent to the outside CPA on a regular basis for coding into the accounting software. Board members are not reviewing the documentation for each charge. Board members are only made aware of each charge at the end of each month when financial statements are presented to the Board.

Criteria:

Strong internal controls over debit cards is essential to help ensure written policies and procedures are followed and to help ensure that errors or other irregularities are discovered and corrected in a timely manner by employees performing their assigned tasks.

Tangipahoa Parish Recreation District No. 3
Amite, Louisiana
Schedule of Findings, Recommendations, and Responses
For the Year Ended December 31, 2022

Cause:

This condition was caused by the lack internal control procedures for the use of debit cards.

Effect of Condition:

The failure of the District to properly utilize and document debit card transactions creates an environment in which improper or unallowed transactions could occur and not be discovered and corrected in a timely manner by employees performing their assigned tasks.

Recommendation:

We recommend the District immediately implement the following procedures:

- Prohibit the use of a debit card until such time as the Board is able to develop and implement strong internal control procedures governing the use of debit cards.
- Require receipts on all debit card purchases to be submitted as soon as possible to the Board Secretary and outside CPA. In addition, each receipt should include a notation of the business or public purpose of each individual debit card transaction.
- Require that all debit card purchases in excess of a specific dollar value require Board approval prior to the purchase.

Management's Response:

See management's response dated July 28, 2023.

2022-002 – Cash Collections

Condition:

During our audit and testing of cash collections, we noted the following issues regarding cash receipts collections:

- Cash is collected at the District's recreation park for concession sales and for gate fees. The cash is counted at the end of each day by the Park Director and / or volunteers. However, the cash on hand is not reconciled against any supporting information, such as a cash register z-tape for concession sales, an inventory of food items on hand, or a head count of persons entering the park.
- No receipts or other proof of purchase are provided for cash sales of concessions or gate fees.
- Per discussion with management personnel, the daily cash collected is counted, placed in a clear plastic bank deposit bag, and then kept in the Park Director's personal vehicle overnight to be deposited the next day.
- Supporting documentation on each daily deposit is not being provided to the Board Secretary or outside CPA. The only information given to the Board Secretary or outside CPA regarding deposits of cash was either a deposit receipt or sighting the deposit on the monthly bank statement.

Tangipahoa Parish Recreation District No. 3
Amite, Louisiana
Schedule of Findings, Recommendations, and Responses
For the Year Ended December 31, 2022

Criteria:

Strong internal controls over cash collections is essential to help ensure written policies and procedures are followed, to ensure cash receipts from customers are adequately safeguarded from theft, and to help ensure that errors or other irregularities are discovered and corrected in a timely manner by employees performing their assigned tasks.

Cause:

This condition was caused by the lack internal control procedures for the collection of cash.

Effect of Condition:

The failure of the District to properly reconcile cash collected creates an environment in which money could not be deposited into the bank account. This also creates an environment in which food or drink items could be taken by volunteers and / or park visitors without paying and without being detected by existing internal control procedures.

Recommendation:

We recommend the District immediately implement the following procedures:

- Prohibit the collection of cash at the recreation park for concession sales and for gate fees until such time as the Board is able to develop and implement a comprehensive internal control system over cash collections.
- A cash register or similar system should be purchased / implemented to track the collection of cash.
- A wrist band system should be implemented for all individuals entering the park showing that they have properly paid their gate entry fee. A daily count of the number of wrist bands on hand before and after each event should be reconciled against the cash collected for gate fees.
- A daily inventory of food and drink items should be performed before and after each event to determine the number of each items sold during events. This information should be reconciled against the cash collected for concession sales to determine whether there has been any theft or misappropriation of food or drink items or theft of cash collected.
- Deposit information and the cash collected should immediately be put in the night deposit box at the District's fiscal agent bank and should not be left in anyone's personal vehicle overnight.
- All documentation related to cash collected – counts and reconciliations of wrist bands to gate fees, inventory of food and drink items to concession sales, cash register z-tape, etc. – should be provided on a regular basis to the Board Secretary and / or the outside CPA to assist in recording the deposit into the general ledger accounting system.

Management's Response:

See management's response dated July 28, 2023.

Tangipahoa Parish Recreation District No. 3
Amite, Louisiana
Schedule of Findings, Recommendations, and Responses
For the Year Ended December 31, 2022

Compliance and Other Matters

2022-003 – Possible Violation of the Louisiana Public Records Law

Condition:

During our audit and review of District compliance with laws and regulations, we noted the District may possibly be in violation of the Louisiana Public Records Law.

Criteria:

State laws governing public records are specified in LRS 44:1 – 41. The pertinent parts of the law and the manner in which the District possibly did not comply are as follows:

- LRS 44:34 requires the following:

“If any public record applied for by any authorized person is not in the custody or control of the person to whom the application is made, such person shall promptly certify this in writing to the applicant, and shall in the certificate state in detail to the best of his knowledge and belief, the reason for the absence of the record from his custody or control, its location, what person then has custody of the record and the manner and method in which, and the exact time at which it was taken from his custody or control. He shall include in the certificate ample and detailed answers to inquiries of the applicant which may facilitate the exercise of the right granted by this Chapter.”

During our audit and testing of the District’s internal controls over financial reporting, it was noted that the official documents and records for the District, including organizing documents, documentation on the sale of bonds, bank statements and reconciliations, invoices, cash receipt reconciliations, etc. are in the custody of multiple individuals at multiple locations throughout the District. There is no centralized location for maintaining the official documents and records of the District.

- LRS 44:36(A) requires the following:

“All persons and public bodies having custody or control of any public record..., shall exercise diligence and care in preserving the public record for the period or periods of time specified by law for public records. In all instances where the law does not specify a particular period, public records shall be preserved and maintained for a period of at least three years from the date on which the public record was made...”

During our audit and testing of debit card transactions, it was noted that there were a number of receipts missing that detailed the District’s debit card purchases throughout the year. During the year, purchases were made using the debit card total of 136 times. A sample of 25 debit card transactions was selected for testing, and of these 25 transactions, documentation was provided for 19 of these transactions. This has resulted in an error rate of approximately 24%.

Following discussions with the Park Director, Board Secretary, and Outside CPA, the missing debit card receipts were not able to be located.

Tangipahoa Parish Recreation District No. 3
Amite, Louisiana
Schedule of Findings, Recommendations, and Responses
For the Year Ended December 31, 2022

Cause:

The cause of this condition appears to be a lack of understanding of the specific requirements of the Louisiana Public Records Act by District personnel as well as a lack of resources to provide adequate centralized storage for official District documents and records.

Potential Effect of Condition:

The potential effect of this condition is the District may not be in compliance with state laws regarding public records.

Recommendation:

We recommend the District update its policies and procedures to require all debit card transactions be accompanied by a receipt of the transaction detailing what was purchased and the purpose of such transaction. Alternatively, if policies and procedures are not able to be either developed or followed by District personnel, we recommend that the practice of using a debit card be discontinued.

We also recommend that the District find an affordable storage unit or rent office space to create a centralized location for District operations and recordkeeping. We further recommend that all official documents and records be kept at this location and not be split between the Board Secretary, outside CPA, and Park Director.

Management's Response:

See management's response dated July 28, 2023.

Tangipahoa Parish Recreation District No. 3

Amite, Louisiana

Summary Schedule of Prior Audit Findings

For the Year Ended December 31, 2021

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

None

Compliance and Other Matters

None

Note: This schedule has been prepared by the management of Tangipahoa Parish Recreation District No. 3.



P.O. Box 103 • 61381 Hwy. 51 North, Amite, LA 70422 • 985-969-5340 • neolafarmsports.com • neolafarmsports@gmail.com

July 28, 2023

James, Lambert, Riggs,
And Associates, Inc.
PO Drawer 369
Hammond, LA 70404

Re: Response to Audit Findings
as of and for the year ended December 31, 2022

In your regular annual audit report of the Tangipahoa Parish Recreation District No. 3 (District) for the year ended December 31, 2022, you reported three findings. Two were related to internal controls and one was related to compliance with state law. The following contains our responses to your findings:

2022-001- Debit Card Procedures

The Board will immediately appoint a committee to oversee the development and implementation of a debit card policy. The committee, director, and outside CPA will work together to see this policy is generated as soon as possible and presented to the full board for adoption.

The new policy will contain all the elements as recommended by the auditor.

The director will be instructed that there will be no deviations from the written policy once adopted.

The Board will revisit the use of a credit card versus debit card.

2022-002- Cash Collections

Until an acceptable method of tracking cash collections for concession sales and gate fees can be established and implemented, there will be no further cash collections. The Board will approval the tracking method before cash collections resume.

The director will immediately cease taking cash collections home with him at night. He will be instructed to use the night drop at the local fiscal agent. The director will notify the secretary that he has dropped the money off, she will pick up the money the next day, prepare the deposit slip, and make the deposit. All reconciling items should be included in the night drop bag.

The Board will instruct the director that he needs to update the current receipts policy to strengthen the internal controls over cash collections. He should contact the outside CPA for assistance on these revisions.

The Board will develop and implement a new policy for concession stand inventory.

2022-003- Possible Violation of the Louisiana Public Records Law

It has always been the policy of the District to follow the requirements of federal, state, and local laws and regulations.

With the opening of the park in 2022, the amount of records and documents has outgrown our current storage capacity. The District has contacted the local storage unit facility within the last six months; there are no available units and there is a wait list.

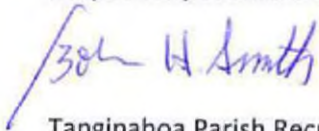
The District does not have the financial resources to build an office or to rent office space.

The District will seek a Louisiana Attorney General's opinion about the legality of placing a movable storage barn at the home of the secretary.

The Board will have the secretary develop a records retention policy to be submitted to the State for approval. Once approved, the secretary will begin destroying records and documents in an attempt to free up some storage space.

The Board will instruct the director that all records, documents, and files are to be given to the secretary, the official records retention officer, in a timely fashion.

Respectfully submitted,

A handwritten signature in blue ink that reads "John T. Smith". The signature is written in a cursive style with a large initial "J".

Tangipahoa Parish Recreation District No. 3
John T. Smith
President of the Board

TANGIPAOA PARISH RECREATION DISTRICT NO. 3
STATEWIDE AGREED UPON PROCEDURES ENGAGEMENT
FOR THE YEAR ENDED DECEMBER 31, 2022

Dennis E. James, CPA
Lyle E. Lambert, CPA
Paul M. Riggs, Jr., CPA
J. Bryan Ehricht, CPA
Megan E. Lynch, CPA
B. Jacob Steib, CPA



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LAMBERT RIGGS
& ASSOCIATES, INC.**
CERTIFIED PUBLIC ACCOUNTANTS
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Member of
American Institute of CPAs
Society of Louisiana CPAs

Independent Accountants' Report on Applying Agreed-Upon Procedures

John Smith, Board President
and Members of the Board
Tangipahoa Parish Recreation District No. 3
Amite, Louisiana

Louisiana Legislative Auditor
Baton Rouge, Louisiana

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2022 through December 31, 2022. The Tangipahoa Parish Recreation District No. 3's (the "District") management is responsible for those C/C areas identified in the SAUPs.

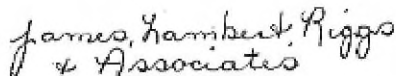
The District has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2022 through December 31, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are detailed in Schedule "A."

We were engaged by the District to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C 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.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result 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 LLA as a public document.

A handwritten signature in cursive script that reads "James Lambert Riggs & Associates".

James Lambert Riggs & Associates, Inc.
Hammond, Louisiana

July 28, 2023

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - a. **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - **Results:** No exceptions were noted as a result of the above listed procedures.
 - 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 has written policies and procedures over purchasing, however, the policy does not address how vendors are added to the vendor list.
 - c. **Disbursements**, including processing, reviewing, and approving.
 - **Results:** No exceptions were noted as a result of the above listed procedures.
 - d. **Receipts / Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or 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).
 - **Results:** The District has written policies and procedures over receipts / collections, however, the policy does not contain all required procedures.
 - e. **Payroll / Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
 - **Results:** No exceptions were noted as a result of the above listed procedures.
 - 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:** No exceptions were noted as a result of the above listed procedures.
 - g. **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
 - **Results:** No exceptions were noted as a result of the above listed procedures.

- h. ***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 of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- **Results:** The District does not have a written policy over credit cards / debit cards.
- i. ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- **Results:** The District has written policies and procedures over ethics, however, the policy does not address items 2, 3, and 4 above.
- j. ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure / EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- **Results:** The District has written policies and procedures over debt service, however, the policy does not address continuing disclosure / EMMA reporting requirements and debt service requirements.
- k. ***Information Technology Disaster Recovery / Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing / verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches / updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- **Results:** No exceptions were noted as a result of the above listed procedures.
- l. ***Prevention of Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.
- **Results:** No exceptions were noted as a result of the above listed procedures.

Board or Finance Committee

2. Obtain and inspect the board / finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
- a. Observe that the board / finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
- **Results:** No exceptions were noted as a result of the above listed procedures.

- b. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
- **Results:** No exceptions were noted as a result of the above listed procedures.
- c. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
- **Results:** No exceptions were noted as a result of the above listed procedures.
- d. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.
- **Results:** No exceptions were noted as a result of the above listed procedures.

Bank Reconciliations

3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
- a. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
- **Results:** No exceptions were noted as a result of the above listed procedures.
- b. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
- **Results:** No exceptions were noted as a result of the above listed procedures.
- c. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.
- **Results:** No exceptions were noted as a result of the above listed procedures.

Collections (excluding electronic funds transfers)

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash / checks / money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a. Employees responsible for cash collections do not share cash drawers / registers.
 - **Results:** No exceptions were noted as a result of the above listed procedures.
 - b. Each employee responsible for collecting cash is not responsible for preparing / making bank deposits, unless another employee / official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
 - **Results:** The employees responsible for collecting cash and making bank deposits do not have another employee / official reconcile their collection documentation.
 - c. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee / official is responsible for reconciling ledger postings to each other and to the deposit.
 - **Results:** No exceptions were noted as a result of the above listed procedures.
 - d. The employee(s) responsible for reconciling cash collections to the general ledger and / or subsidiary ledgers, by revenue source and / or agency fund additions, are not responsible for collecting cash, unless another employee / official verifies the reconciliation.
 - **Results:** No exceptions were noted as a result of the above listed procedures.
6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.
 - **Results:** No exceptions were noted as a result of the above listed procedures.
7. Randomly select two deposit dates for each of the 5 bank accounts selected for "Bank Reconciliations" procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - a. Observe that receipts are sequentially pre-numbered.
 - **Results:** No exceptions were noted as a result of the above listed procedures.

- b. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - **Results:** Of the four deposits selected for testing, three deposits did not have the deposit slip included in the related documentation.
- c. Trace the deposit slip total to the actual deposit per the bank statement.
 - **Results:** No exceptions were noted as a result of the above listed procedures.
- d. Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
 - **Results:** Of the four deposits selected for testing, four deposits did not have documentation to determine whether deposits were made within one business day of receipt at the collection location.
- e. Trace the actual deposit per the bank statement to the general ledger.
 - **Results:** No exceptions were noted as a result of the above listed procedures.

Non-Payroll Disbursements (excluding card purchases, travel reimbursements, and petty cash purchases)

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase.
 - **Results:** No exceptions were noted as a result of the above listed procedures.
 - b. At least two employees are involved in processing and approving payments to vendors.
 - **Results:** No exceptions were noted as a result of the above listed procedures.
 - c. The employee responsible for processing payments is prohibited from adding / modifying vendor files unless another employee is responsible for periodically reviewing changes to vendor files.
 - **Results:** No exceptions were noted as a result of the above listed procedures.

d. Either the employee / official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

- **Results:** The employee who processes payments is also responsible for mailing the payments.

e. Only employees / officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

- **Results:** No exceptions were noted as a result of the above listed procedures.

[Note: Findings related to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:

a. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.

- **Results:** No exceptions were noted as a result of the above listed procedures.

b. Observe whether the disbursement documentation included evidence (e.g., initial / date, electronic logging) of segregation of duties tested under #9, as applicable.

- **Results:** For the five disbursements selected for testing, one did not contain appropriate approval signatures.

11. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

- **Results:** No exceptions were noted as a result of the above listed procedures.

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

12. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, 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:** No exceptions were noted as a result of the above listed procedures.

13. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and:
- a. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit / debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported).
 - **Results:** No exceptions were noted as a result of the above listed procedures.
 - b. Observe that finance charges and late fees were not assessed on the selected statements.
 - **Results:** No exceptions were noted as a result of the above listed procedures.
14. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business / public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.
- **Results:** For the one month of debit card transactions selected for testing, 7 of the 10 selected transactions did not meet the (2) requirement of written documentation of the business / public purpose.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

15. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms / prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a. If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - **Results:** No exceptions were noted as a result of the above listed procedures.
 - b. If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - **Results:** No exceptions were noted as a result of the above listed procedures.

- c. Observe each reimbursement is supported by documentation of the business / public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1h.
 - **Results:** For the five selected reimbursements, none of them had the required documentation as required by the Written Policies and Procedures.
- d. Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.
 - **Results:** No exceptions were noted as a result of the above listed procedures.

Contracts

16. Obtain from management a listing of all agreements / contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
 - a. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - **Results:** No exceptions were noted as a result of the above listed procedures.
 - b. Observe whether the contract was approved by the governing body / board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
 - **Results:** No exceptions were noted as a result of the above listed procedures.
 - c. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval).
 - **Results:** No exceptions were noted as a result of the above listed procedures.
 - d. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.
 - **Results:** No exceptions were noted as a result of the above listed procedures.

Payroll and Personnel

17. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries / pay rates in the personnel files.
- **Results:** No exceptions were noted as a result of the above listed procedures.
18. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #17 above, obtain attendance records and leave documentation for the pay period, and:
- a. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).
- **Results:** One of the five selected employees / officials is not maintaining a time sheet for hours worked.
- b. Observe whether supervisors approved the attendance and leave of the selected employees or officials.
- **Results:** Two of the five selected employees / officials did not have supervisory approval of attendance and leave.
- c. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
- **Results:** No exceptions were noted as a result of the above listed procedures.
- d. Observe the rate paid to the employees or officials agree to the authorized salary / pay rate found within the personnel file.
- **Results:** No exceptions were noted as a result of the above listed procedures.
19. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations, and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.
- **Results:** No exceptions were noted as a result of the above listed procedures.
20. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.
- **Results:** No exceptions were noted as a result of the above listed procedures.

Ethics

21. Using the 5 randomly selected employees / officials from “Payroll and Personnel” procedure #17 obtain ethics documentation from management, and:
- a. Observe whether the documentation demonstrates that each employee / official completed one hour of ethics training during the calendar year as required by R.S. 42:1170.
 - **Results:** No exceptions were noted as a result of the above listed procedures.
 - b. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity’s ethics policy during the fiscal period, as applicable.
 - **Results:** No exceptions were noted as a result of the above listed procedures.
22. Inquire and / or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.
- **Results:** No exceptions were noted as a result of the above listed procedures.

Debt Service

23. Obtain a listing of bonds / notes and other debt instruments issued during the fiscal period and management’s representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
- **Results:** No exceptions were noted as a result of the above listed procedures.
24. Obtain a listing of bonds / notes outstanding at the end of the fiscal period and management’s representation that the listing is complete. Randomly select one bond / note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).
- **Results:** No exceptions were noted as a result of the above listed procedures.

Fraud Notice

25. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management’s representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.
- **Results:** No exceptions were noted as a result of the above listed procedures.

26. Observe the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

- **Results:** No exceptions were noted as a result of the above listed procedures.

Information Technology Disaster Recovery / Business Continuity

27. Perform the following procedures, **verbally discuss the results with management, and report “We performed the procedure and discussed the results with management.”**

a. Obtain and inspect the entity’s most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government’s local server or network, and (c) was encrypted.

- **Results:** We performed the procedure and discussed the results with management.

b. Obtain and inspect the entity’s most recent documentation that it has tested / verified that its backups can be restored (if no written documentation, then inquire of personnel responsible for testing / verifying backup restoration) and observe evidence that the test / verification was successfully performed within the past 3 months.

- **Results:** We performed the procedure and discussed the results with management.

c. Obtain a listing of the entity’s computers currently in use and their related locations, and management’s representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

- **Results:** We performed the procedure and discussed the results with management.

28. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #17. Observe evidence that the selected terminated employees have been removed or disabled from the network.

- **Results:** We performed the procedure and discussed the results with management.

Prevention of Sexual Harassment

29. Using the 5 randomly selected employees / officials from Payroll and Personnel procedure #17, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee / official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

- **Results:** One out of five selected employees / officials did not take one hour of sexual harassment training during the calendar year.

30. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

- **Results:** The policy was not posted on the District's website.

31. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:

a. Number and percentage of public servants in the agency who have completed the training requirements;

- **Results:** No exceptions were noted as a result of the above listed procedures.

b. Number of sexual harassment complaints received by the agency;

- **Results:** No exceptions were noted as a result of the above listed procedures.

c. Number of complaints which resulted in a finding that sexual harassment occurred;

- **Results:** No exceptions were noted as a result of the above listed procedures.

d. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

- **Results:** No exceptions were noted as a result of the above listed procedures.

e. Amount of time it took to resolve each complaint.

- **Results:** No exceptions were noted as a result of the above listed procedures.



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James, Lambert, Riggs,
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Re: Response to Statewide Agreed Upon
Procedures Findings as of and for the year
ended December 31, 2022

In your Statewide Agreed-Upon Procedures Report of the Tangipahoa Parish Recreation District No. 3 (District) for the year ended December 31, 2022, you reported several findings related to the District's policies and procedures. The following contains our responses to your findings:

Written Policies and Procedures

Purchasing- The District will update its current policy to address how vendors are added to the vendor list.

Receipts/Collections- The District will update its current policy which is very limited and incomplete. The revisions will address the areas that resulted in a material weakness internal control finding in the current financial audit as 2022-002.

Credit Cards (and debit cards, fuel cards, P-cards, if applicable)- The District will develop and implement a credit card/debit card policy and procedure immediately to address the material weakness internal control finding in the current financial audit as 2022-001.

Ethics- The District will update its current policy to include a) the actions to be taken if an ethics violation takes place, b) system to monitor possible ethics violations, and c) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethic policy.

Debt Service- The District will update its current policy to address continuing disclosure and EMMA reporting requirements.

Collections

Item 5b- The Board will instruct the director, who collects cash, that he no longer will prepare and make the bank deposit. The secretary will prepare and make the bank deposit. She will also reconcile the collection documentation. The reconciliation will be forwarded to the outside CPA each month for their review.

Item 7b- The Board will instruct the secretary to use a standard bank deposit book and that the carbon copy of the deposit slip is to remain in the book along with the bank's receipt.

Item 7d- The Board will instruct the director to write the date on the outside of the clear bank bag for each day an event is held. The Board will instruct the secretary to maintain the clear bag as documentation of the date the money was collected.

Non-payroll Disbursements

Item 9d- The District utilizes a two signature policy for all disbursements. The authorized signers approve the invoice at the time of signing. The District does not have an actual office where the authorized signers come to sign the disbursement checks. The secretary goes to the signers. After she has collected both signatures and approval, she mails the disbursement. It is not cost effective for the District to hire another individual to mail the checks.

Item 10b- This appears to be an oversight.

Credit Cards/Debit Cards/Fuel Cards/PCards

Item 14- The District will develop and implement a credit card/debit card policy and procedure immediately to address the material weakness internal control finding in the current financial audit as 2022-001.

Travel and Travel Related Expense Reimbursement (excluding card transaction)

Item 15-C The Board will instruct the director that he must follow the travel and expense reimbursement policy as outlined in the District's policy and procedure manual.

Payroll and Personnel

Item 18a- Even though the secretary's salary was set by the board at an official meeting, the Board will instruct the secretary to immediately begin preparing monthly time sheets.

Item 18b- The president or treasurer of the board will begin approving the timesheets of the director and secretary as authorization to pay payroll.

Prevention of Sexual Harassment

Item 29- Every month at the board meeting, the secretary reminds all board members to complete their ethics and sexual harassment training. Beginning in September, she begins sending out text messages to those individuals whose training certificates she still needs.

Item 30- The policy was sent via email to the webmaster but there was no follow up to see if they actually received it. Once the auditor notified the secretary of the omission, the webmaster was contacted and the policy was posted.

Respectfully submitted,



Tangipahoa Parish Recreation District No. 3
John T. Smith, President of the Board