

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

ANNUAL FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2023

Ponchatoula Area Recreation District No. 1

Ponchatoula, Louisiana

Table of Contents

For the Year Ended December 31, 2023

	<u>Exhibit</u>	<u>Schedule</u>	<u>Page</u>
Independent Auditor's Report	-	-	1 - 3
Basic Financial Statements:			
Government-Wide Financial Statements:			
Statement of Net Position	A	-	5
Statement of Activities	B	-	6
Fund Financial Statements:			
Governmental Funds Balance Sheet	C	-	7
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position	D	-	8
Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balances	E	-	9
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities	F	-	10
Fiduciary Fund:			
Statement of Fiduciary Net Position - Agency Fund	G	-	11
Notes to the Financial Statements	-	-	12 - 25
Required Supplemental Information:			
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual:			
General Fund	-	1	27
4-Mill Gymnasium Fund	-	2	28
Other Supplemental Information:			
Schedule of Changes in Unsettled Deposits - Agency Fund	-	3	30
Schedule of Compensation Paid Board Members	-	4	31
Schedule of Compensation, Benefits, and Other Payments to Agency Head	-	5	32
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 <i>Government Auditing Standards</i>			34 - 35
Schedule of Current Year Findings, Recommendations, and Responses	-	-	36 - 44
Schedule of Prior Year Findings, Recommendations, and Responses	-	-	45

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

Lyle E. Lambert, CPA
Lauren Kimble Smith, CPA



Independent Auditor's Report

Mr. Terry Byers, Chairman
and Members of the Board of Commissioners
Ponchatoula Area Recreation District No. 1
Ponchatoula, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Ponchatoula Area Recreation District No. 1 (the "District") as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the District as of December 31, 2023, 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 the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2023, the District adopted new accounting guidance, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 27 through 28 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally

accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

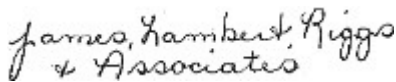
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required 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 the District's basic financial statements. The accompanying Schedule of Changes in Unsettled Deposits – Agency Fund; the Schedule of Compensation Paid Board of Commissioners; and the Schedule of Compensation, Benefits, and Other Payments to Agency Head are presented for purposes of additional analysis and are not a required part of the 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 Changes in Unsettled Deposits – Agency Fund; the Schedule of Compensation Paid Board of Commissioners; and the Schedule of Compensation, Benefits, and Other Payments to Agency Head are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



James Lambert Riggs & Associates, Inc.
Hammond, Louisiana

June 28, 2024

Basic Financial Statements

Ponchatoula Area Recreation District No. 1
Ponchatoula, Louisiana
Statement of Net Position
December 31, 2023

Exhibit A

	<u>Governmental Activities</u>
Assets	
Cash and Cash Equivalents	\$ 1,621,795
Investments	59,427
Accounts Receivable, Net	2,656,725
Prepaid Expenses	140,103
Restricted Assets:	
Cash and Cash Equivalents	415,484
Cash Held in Trust	430,010
Capital Assets Not Being Depreciated:	
Construction in Progress	-
Land	1,819,453
Capital Assets, Net of Accumulated Depreciation	<u>13,584,031</u>
Total Assets	<u>\$ 20,727,028</u>
Liabilities	
Accounts Payable	\$ 9,068
Accrued Payroll	19,266
Sheriff's Pension Payable	98,399
Accrued Interest Payable	14,849
Long-Term Debt - Current	465,000
Long-Term Debt - Non-Current	<u>4,760,000</u>
Total Liabilities	<u>\$ 5,366,582</u>
Deferred Inflows of Resources	
Sponsorships	<u>\$ 20,000</u>
Total Deferred Flows of Resources	<u>\$ 20,000</u>
Net Position	
Net Investment in Capital Assets	\$ 10,178,484
Restricted	830,645
Unrestricted	<u>4,331,317</u>
Total Net Position	<u>\$ 15,340,446</u>

The accompanying notes are an integral part of this statement.

Ponchatoula Area Recreation District No. 1
Ponchatoula, Louisiana
Statement of Activities
For the Year Ended December 31, 2023

Exhibit B

	Expenses	Program Revenues		Net Revenue (Expense) & Changes in Net Position
		Charges for Services	Capital Grants	Governmental Activities
Governmental Activities:				
Parks and Recreation	\$ 1,696,114	\$ -	\$ -	\$ (1,696,114)
Depreciation	406,491	-	-	(406,491)
Interest on Debt Service	186,818	-	-	(186,818)
Total Governmental Activities	\$ 2,289,423	\$ -	\$ -	(2,289,423)
 General Revenues:				
Ad Valorem Taxes				2,560,017
State Revenue Sharing				131,165
Rental Income				29,592
Interest Income				39,282
Insurance Proceeds				107,798
Other Income				13,003
Total General Revenues				2,880,857
Change in Net Position				591,434
Net Position - Beginning of the Year				14,749,012
Net Position - End of the Year				\$ 15,340,446

The accompanying notes are an integral part of this statement.

Ponchatoula Area Recreation District No. 1
Ponchatoula, Louisiana
Governmental Funds Balance Sheet
December 31, 2023

Exhibit C

	<u>General Fund</u>	<u>4-Mil Gymnasium Fund</u>	<u>Total</u>
Assets			
Cash and Cash Equivalents	\$ 1,621,795	\$ -	\$ 1,621,795
Investments	59,427	-	59,427
Accounts Receivable, Net	1,940,850	715,875	2,656,725
Due from Other Funds	-	36,241	36,241
Restricted Assets:			
Cash and Cash Equivalents	728	414,756	415,484
Cash Held in Trust	420,392	9,618	430,010
Total Assets	<u>\$ 4,043,192</u>	<u>\$ 1,176,490</u>	<u>\$ 5,219,682</u>
 Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities:			
Accounts Payable	\$ 9,068	\$ -	\$ 9,068
Accrued Payroll	19,266	-	19,266
Due to Other Funds	36,241	-	36,241
Pension Fund Mandate Payable	70,285	28,114	98,399
Total Liabilities	134,860	28,114	162,974
Deferred Inflows of Resources - Sponsorships	20,000	-	20,000
Fund Balances:			
Restricted for Construction	420,392	-	420,392
Restricted for Debt Service	-	424,374	424,374
Unassigned	3,467,940	724,002	4,191,942
Total Fund Balances	<u>3,888,332</u>	<u>1,148,376</u>	<u>5,036,708</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 4,043,192</u>	<u>\$ 1,176,490</u>	<u>\$ 5,219,682</u>

The accompanying notes are an integral part of this statement.

Ponchatoula Area Recreation District No. 1

Exhibit D

Ponchatoula, Louisiana

Reconciliation of the Governmental Funds Balance Sheet to the
Government-Wide Statement of Net Position
For the Year Ended December 31, 2023

Fund Balances - Total Governmental Funds (Exhibit C) \$ 5,036,708

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

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

Governmental Capital Assets	15,809,975
Less: Accumulated Depreciation	(406,491)

Prepaid Insurance at December 31, 2023	140,103
--	---------

In the statement of net position, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditures is reported when due.	(14,849)
---	----------

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

Current (Short-Term) Obligations:	
Revenue Bonds	(465,000)
Non-Current (Long-Term) Obligations:	
Revenue Bonds	<u>(4,760,000)</u>

Net Position of Governmental Activities (Exhibit A) \$ 15,340,446

The accompanying notes are an integral part of this statement.

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

Exhibit E

Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended December 31, 2023

	General Fund	4-Mil Gymnasium Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Ad Valorem Taxes	\$ 1,828,162	\$ 731,855	\$ 2,560,017
State Revenue Sharing	131,165	-	131,165
Rental Income	29,592	-	29,592
Interest Income	31,423	7,859	39,282
Insurance Proceeds	107,798	-	107,798
Other Income	13,003	-	13,003
Total Revenues	<u>2,141,143</u>	<u>739,714</u>	<u>2,880,857</u>
Expenditures:			
Parks and Recreation:			
Salaries and Related Benefits	880,662	-	880,662
Legal and Professional	40,684	-	40,684
Repairs & Maintenance	138,623	-	138,623
Telephone and Utilities	128,293	-	128,293
Office Expenses	112,167	-	112,167
Insurance	217,337	-	217,337
Insurance Claim Expenses	39,341	-	39,341
Pension Fund Mandate	70,285	28,114	98,399
Other	60,942	-	60,942
Capital Outlay	164,782	-	164,782
Debt Service	-	643,025	643,025
Total Expenditures	<u>1,853,116</u>	<u>671,139</u>	<u>2,524,255</u>
Excess Revenues over Expenditures	288,027	68,575	356,602
Fund Balance - Beginning of the Year	<u>3,600,305</u>	<u>1,079,801</u>	<u>4,680,106</u>
Fund Balance - End of the Year	<u>\$ 3,888,332</u>	<u>\$ 1,148,376</u>	<u>\$ 5,036,708</u>

The accompanying notes are an integral part of this statement.

Ponchatoula Area Recreation District No. 1
Ponchatoula, Louisiana

Exhibit F

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and
Changes in Fund Balance to the Government-Wide Statement of Activities
For the Year Ended December 31, 2023

Net Change in Fund Balances - Total Governmental Funds (Exhibit E) \$ 356,602

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. These differences consist of:

Capital Outlay	164,782
Depreciation Expense	(406,491)

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

Prior Year Prepaid Insurance	(119,769)
Current Year Prepaid Insurance	140,103

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

Prior Year Accrued Interest	16,056
Current Year Accrued Interest	(14,849)

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

Repayments of Long-Term Debt	<u>455,000</u>
------------------------------	----------------

Change in Net Position of Governmental Activities (Exhibit B) \$ 591,434

The accompanying notes are an integral part of this statement.

Ponchatoula Area Recreation District No. 1
Ponchatoula, Louisiana
Statement of Fiduciary Net Position
December 31, 2023

Exhibit G

	<u>PARD Sports Program</u>
Assets	
Cash and Cash Equivalents	\$ <u>32,538</u>
Total Assets	<u>\$ 32,538</u>
Liabilities	
Due to Others	\$ <u>32,538</u>
Total Liabilities	<u>\$ 32,538</u>
Total Net Position	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

Ponchatoula Area Recreation District No. 1

Ponchatoula, Louisiana

Notes to Financial Statements

For the Year Ended December 31, 2023

Narrative Profile

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

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

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

1. Summary of Significant Accounting Policies

A. Basis of Presentation

The accompanying financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

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

B. Financial Reporting Entity

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Because the board members of the District are appointed by the Tangipahoa Parish Council, the District was determined to be a component unit of the Council, under the provisions of GASB Statement No. 14. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the parish government, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

Ponchatoula Area Recreation District No. 1

Ponchatoula, Louisiana

Notes to Financial Statements (Continued)

For the Year Ended December 31, 2023

C. Fund Accounting

The District uses fund accounting to maintain its financial records and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

Governmental Funds

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

General Fund – the primary operating fund of the District, which accounts for the operations of the District, except those operations required to be handled in a separate fund. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to District policy.

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

Fiduciary Fund

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

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

D. Measurement Focus / Basis of Accounting

Basic Financial Statements – Government-Wide Financial Statements

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

Ponchatoula Area Recreation District No. 1

Ponchatoula, Louisiana

Notes to Financial Statements (Continued)

For the Year Ended December 31, 2023

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Interest earnings and other revenues not properly included among program revenues are reported instead as general revenues. The District does not allocate indirect expenses.

Basic Financial Statements – Governmental Funds

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

Revenues – Ad valorem tax revenue, state revenue sharing revenue, and interest revenue are recorded when due. Other revenues are generally recognized when they become measurable and available as net current assets (i.e. when the service is performed). Substantially all other revenues are recorded when received.

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

Reconciliation – Explanation of differences between the Governmental Fund Balance Sheet and the government-wide Statement of Net Position is presented in Exhibit D of the basic financial statements. Explanation of differences between the Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balances and the government-wide Statement of Activities is presented in Exhibit F of the basic financial statements.

Ponchatoula Area Recreation District No. 1

Ponchatoula, Louisiana

Notes to Financial Statements (Continued)

For the Year Ended December 31, 2023

E. Budgets and Budgetary Accounting

Budgetary procedures applicable to the District are defined in state law, LRS 39:1301-15. The major requirements of the Louisiana Local Government Budget Act are summarized as follows:

1. The District adopts a budget each year for the general fund and special revenue funds, if applicable.
2. The Chairman prepares a proposed budget and submits it to the Board of Commissioners for consideration no later than fifteen days prior to the beginning of each fiscal year. At the same time, if total proposed expenditures are \$500,000 or more, a notice of public hearing on the proposed budget must be published in the official journal.
3. All action necessary to adopt and implement the budget must be completed prior to the beginning of the fiscal year. A hearing on the proposed budget was held on September 15, 2022. The budget was adopted on September 15, 2022.
4. Budgetary amendments involving the transfer of funds from one program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board. The budget was amended on December 14, 2023.
5. The budgets are integrated into the accounting system, and the budgetary data, as presented in the financial statements for all funds with annual budgets, compare the expenditures with the amended budgets. All budgets are presented on the modified accrual basis of accounting. Accordingly, the Budgetary Comparison Schedule for the General Fund presents actual expenditures in accordance with the accounting principles generally accepted in the United States of America on a basis consistent with the legally adopted budgets as amended. Unexpended appropriations on annual budgets lapse at the end of each fiscal year.

F. Deposits and Investments

The District's cash is considered to be cash on hand, demand deposits, interest bearing demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Under state law, the District may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. In addition, the District may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments for the District are stated at fair value using published market values. The state investment pool (LAMP) operates in accordance with state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

G. Allowance for Uncollectible Accounts

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

Ponchatoula Area Recreation District No. 1

Ponchatoula, Louisiana

Notes to Financial Statements (Continued)

For the Year Ended December 31, 2023

H. Inventory

The District utilizes the “purchase method” of accounting for supplies, whereby expendable operating supplies are recognized as expenditures when purchased. The District did not record any inventory at December 31, 2023, as the amount is immaterial.

I. Prepaid Items

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

J. Capital Assets

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

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

K. Deferred Outflows and Inflows of Resources

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

L. Long-Term Obligations

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

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

Ponchatoula Area Recreation District No. 1

Ponchatoula, Louisiana

Notes to Financial Statements (Continued)

For the Year Ended December 31, 2023

M. Compensated Absences

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

Sick Leave

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

Vacation Leave

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

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

N. Net Position

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

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

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

O. Fund Balance

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

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

Ponchatoula Area Recreation District No. 1

Ponchatoula, Louisiana

Notes to Financial Statements (Continued)

For the Year Ended December 31, 2023

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

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.

P. New Accounting Pronouncements

The GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-of-use subscription asset – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The District adopted the provisions of GASB Statement No. 96, during 2023. The implementation of this standard had no impact on the District’s financial statements as of December 31, 2023.

Q. Estimates

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

2. Stewardship, Compliance, and Accountability

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and Special Revenue Fund. All annual appropriations lapse at year-end. See Note 1-E for the procedures the District follows regarding budgets and budgetary accounting. The District complied with the Louisiana Local Government Budget Act in adopting and amending its budget for the year ended December 31, 2023.

Ponchatoula Area Recreation District No. 1

Ponchatoula, Louisiana

Notes to Financial Statements (Continued)

For the Year Ended December 31, 2023

B. Deposits and Investment Laws and Regulations

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

C. Deficit Fund Equity

As of December 31, 2023, no District funds had deficit fund balances.

3. Deposits and Investments

As reflected on Exhibit A, the District has cash totaling \$2,467,289 (of which \$845,494 is restricted) and investments totaling \$59,427 at December 31, 2023. As reflected on Exhibit G, the District is holding cash totaling \$32,538 for fiduciary purposes at December 31, 2023.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. The District does not have a deposit policy for custodial credit risk. The following is a summary of cash and investments (bank balances) at December 31, 2023, with the related federal deposit insurance and pledged securities:

Bank Balances:

Insured (FDIC Insurance)	\$ 250,000
Uninsured and Collateralized:	
Collateral held by pledging bank's trust department not in the District's name	1,875,168
Uninsured and Uncollateralized	<u>-</u>
Total Deposits	<u>\$ 2,125,168</u>

The \$430,010 shown as "Cash Held in Trust" represents the remaining cash proceeds from the sale of the \$3,310,000 Series 2018 Revenue Bonds. These funds are currently being held by Hancock Whitney Bank on behalf of the District. Hancock Whitney Bank maintains adequate insurance and collateral on these funds.

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

Ponchatoula Area Recreation District No. 1

Ponchatoula, Louisiana

Notes to Financial Statements (Continued)

For the Year Ended December 31, 2023

At December 31, 2023, the District's investment balance was as follows:

	<u>Reported Amount</u>	<u>Fair Value</u>
Louisiana Asset Management Pool	\$ 59,427	\$ 59,427

Louisiana Asset Management Pool (LAMP) is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LRS 33:2955.

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

LAMP is a 2a7-like investment pool that, to the extent practical, invests in a manner consistent with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. The following facts are relevant for investment pools:

- Credit Risk: LAMP is rated AAAM by Standard & Poor's.
- Custodial Credit Risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of Credit Risk: Pooled investments are excluded from the 5% disclosure requirement.
- Interest Rate Risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating / variable rate investments. The WAM for LAMP's total investments was 53 days as of December 31, 2023.
- Foreign Currency Risk: Not applicable.

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

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

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

Notes to Financial Statements (Continued)

For the Year Ended December 31, 2023

LAMP, Inc., issues an annual publicly available financial report that includes financial statements and required supplementary information for LAMP, Inc. That report may be obtained by writing to LAMP, Inc., 650 Poydras Street, Suite 2220, New Orleans, Louisiana 70130, or by calling (504) 525-LAMP.

4. Receivables

Receivables represent revenues earned in 2023 and received in 2024 as follows:

	General Fund	4-Mil Gymnasium Fund	Total
Tangipahoa Parish Sheriff:			
Ad Valorem Taxes	\$ 1,826,209	\$ 730,485	\$ 2,556,694
State Revenue Sharing	131,165	-	131,165
Other Receivables	20,000	-	20,000
Less: Allowance for Uncollectible	<u>(36,524)</u>	<u>(14,610)</u>	<u>(51,134)</u>
Accounts Receivable, Net	<u>\$ 1,940,850</u>	<u>\$ 715,875</u>	<u>\$ 2,656,725</u>

5. Capital Assets

Capital assets and depreciation activity as of and for the year ended December 31, 2023, are as follows:

	Balance 1/1/2023	Increases	Decreases	Balance 12/31/2023
Capital Assets not Depreciated:				
Construction in Progress	\$ -	\$ -	\$ -	\$ -
Land	<u>1,819,453</u>	<u>-</u>	<u>-</u>	<u>1,819,453</u>
Total Capital Assets not Depreciated	1,819,453	-	-	1,819,453
Other Capital Assets:				
Buildings	8,805,842	-	-	8,805,842
Land Improvements	4,192,109	134,093	-	4,326,202
Equipment	<u>841,431</u>	<u>30,689</u>	<u>13,642</u>	<u>858,478</u>
Total Other Capital Assets	13,839,382	164,782	13,642	13,990,522
Less Accumulated Depreciation:				
Buildings	1,878,333	220,862	-	2,099,195
Land Improvements	1,922,956	163,446	-	2,086,402
Equipment	<u>732,137</u>	<u>22,183</u>	<u>13,642</u>	<u>740,678</u>
Total Accumulated Depreciation	<u>4,533,426</u>	<u>406,491</u>	<u>13,642</u>	<u>4,926,275</u>
Other Capital Assets, Net	<u>9,305,956</u>	<u>(241,709)</u>	<u>-</u>	<u>9,064,247</u>
Totals	<u>\$ 11,125,409</u>	<u>\$ (241,709)</u>	<u>\$ -</u>	<u>\$ 10,883,700</u>

Ponchatoula Area Recreation District No. 1

Ponchatoula, Louisiana

Notes to Financial Statements (Continued)

For the Year Ended December 31, 2023

Depreciation expense of \$406,491 for the year ended December 31, 2023, was charged to the governmental activities.

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

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

6. Leases

The District had no leases in effect as of December 31, 2023.

7. Long-Term Debt

The following is a summary of changes in long-term debt for the year ended December 31, 2023:

Type of Debt	Balance at 1/1/2023	Debt Issued	Debt Retired	Balance at 12/31/2023	Due Within One Year
Series 2015 \$4,030,000 Revenue Bonds	\$ 3,490,000	\$ -	\$ 155,000	\$ 3,335,000	\$ 160,000
Series 2018 \$3,310,000 Revenue Bonds	2,190,000	-	300,000	1,890,000	305,000
	<u>\$ 5,680,000</u>	<u>\$ -</u>	<u>\$ 455,000</u>	<u>\$ 5,225,000</u>	<u>\$ 465,000</u>

As of December 31, 2023, long-term debt of the District consisted of the following:

Revenue Bonds:

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

\$ 3,335,000

\$3,310,000 Limited Tax Refunding Bonds, Series 2018 dated August 23, 2018; Due in annual installments of \$55,000 - \$330,000 through June 1, 2039; With interest at variable rates (Payable from a pledge and dedication of the proceeds of the 30-year, 4 mil ad valorem tax).

\$ 1,890,000

Ponchatoula Area Recreation District No. 1

Ponchatoula, Louisiana

Notes to Financial Statements (Continued)

For the Year Ended December 31, 2023

Payments of Revenue Bond principal and interest are secured primarily by a pledge and dedication of the proceeds of the ten (10.00) mils, ten year property tax renewed on October 14, 2023, and the four (4.00) mils, thirty year property tax approved by the voters in the District on November 4, 2008.

The annual requirements to amortize all debt outstanding at December 31, 2023, including interest payments of \$1,423,856 are as follows:

Year Ended December 31,	\$4,030,000 Revenue Bonds	\$3,310,000 Revenue Bonds	Total
2024	\$ 278,550	\$ 360,675	\$ 639,225
2025	273,750	366,300	640,050
2026	273,050	366,550	639,600
2027	276,250	85,706	361,956
2028	274,150	88,838	362,988
2029 - 2033	1,373,089	448,557	1,821,646
2034 - 2038	1,370,732	451,277	1,822,009
2039	274,894	86,488	361,382
	<u>4,394,465</u>	<u>2,254,391</u>	<u>6,648,856</u>
Less: Interest Portion	<u>1,059,465</u>	<u>364,391</u>	<u>1,423,856</u>
	<u>\$ 3,335,000</u>	<u>\$ 1,890,000</u>	<u>\$ 5,225,000</u>

8. Ad Valorem Taxes

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

General Fund	10.00 Mils
4-Mil Gymnasium Fund	4.00 Mils

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

The Tangipahoa Parish Sheriff bills and collects property taxes for the District using the assessed values determined by the Tax Assessor of Tangipahoa Parish. For the year ended December 31, 2023, taxes were levied on property with taxable assessed valuations totaling \$182,620,915.

The total taxes levied were \$1,826,209 (10.00 Mil) and \$730,485 (4.00 Mils). At December 31, 2023, the ad valorem tax receivable was \$2,556,694 and the state revenue sharing receivable was \$131,165. Ad valorem taxes receivable at December 31, 2023, are recorded net of a 2% allowance for uncollectible taxes.

Ponchatoula Area Recreation District No. 1

Ponchatoula, Louisiana

Notes to Financial Statements (Continued)

For the Year Ended December 31, 2023

9. Tax Abatements

The Louisiana Industrial Ad Valorem Tax Exemption Program (ITEP) is an original state incentive program which offers attractive tax incentive for manufacturers within the state. The program abates, for up to ten years, local property taxes (ad valorem) on a manufacturer's new investment and annual capitalized additions related to the manufacturing site. This exemption is granted per contract with the Louisiana Department of Economic Development and will specify the buildings and / or personal property items covered by the exemption. There are currently twenty-five (25) tax abatements in Tangipahoa Parish, related to twelve (12) companies, under the Louisiana ITEP. For the 2023 calendar year, estimated forgone ad valorem taxes due to this abatement program was \$14,215 for the District.

10. Dedication of Proceeds and Flow of Funds – Ad Valorem Tax

Proceeds of the 10 year special tax of 10 mils on the dollar of assessed valuation on all property subject to taxation in the District (2023 collections \$1,826,209) are dedicated for the purpose of acquiring, constructing, improving, maintaining, and / or operating recreational facilities and activities in and for the District.

Proceeds of the 30 year special tax of 4 mils on the dollar of assessed valuation on all property subject to taxation in the District (2023 collections \$730,485) are dedicated for the purpose of providing funds to acquire, improve, and equip a multipurpose gymnasium facility and other recreation facilities within the District; to pay the operation and maintenance costs and expenses in connection therewith; and to authorize the funding of the proceeds of said tax into bonds.

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

The District, through its governing authority, adopted a resolution on April 19, 2018, authorizing the issuance of \$3,310,000 of Revenue Bonds, Series 2018, for the purpose of financing the construction and equipping of additional recreation facilities, including, but not limited to, a new multi-purpose gymnasium facility within the District. In that resolution, the proceeds of the ten (10.00) mils, ten (10) year property tax and the four (4.00) mils, thirty (30) year property tax were pledged and dedicated in an amount sufficient for payment of the bonds authorized and interest as they become due and for other purposes.

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

As of December 31, 2023, the District was in compliance with all bond covenants.

Ponchatoula Area Recreation District No. 1

Ponchatoula, Louisiana

Notes to Financial Statements (Continued)

For the Year Ended December 31, 2023

11. Deferred Compensation Plan

The District maintains an Oppenheimer Funds SIMPLE IRA plan under Section 408 of the Internal Revenue Code. Under the plan, qualified employees may defer up to \$13,000 of their salary. The District will match up to 3% of the employee's salary. The District's contributions totaled \$15,819 during the year ended December 31, 2023.

12. Litigation

There is no litigation pending against the District at December 31, 2023.

13. Subsequent Event

Management has evaluated the subsequent events through the date that the financial statements were available to be issued, June 28, 2024. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Required Supplemental Information:
Budgetary Comparison Schedules

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

Schedule 1

Budgetary Comparison Schedule – General Fund
For the Year Ended December 31, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Final Budget Variance - Favorable / (Unfavorable)</u>
Revenues:				
Ad Valorem Taxes	\$ 1,674,572	\$ 1,800,000	\$ 1,828,162	\$ 28,162
State Revenue Sharing	128,000	125,000	131,165	6,165
Rental Income	22,500	15,000	29,592	14,592
Insurance Proceeds	-	-	107,798	107,798
Other Income	<u>119,250</u>	<u>44,105</u>	<u>44,426</u>	<u>321</u>
Total Revenues	<u>1,944,322</u>	<u>1,984,105</u>	<u>2,141,143</u>	<u>157,038</u>
Expenditures:				
Parks and Recreation:				
Salaries & Related Benefits	820,000	912,000	880,662	31,338
Legal and Professional	30,000	37,500	40,684	(3,184)
Repairs & Maintenance	290,000	250,000	138,623	111,377
Telephone and Utilities	125,000	136,000	128,293	7,707
Office Expenses	150,500	118,500	112,167	6,333
Insurance	150,000	240,000	217,337	22,663
Pension Fund Mandate	65,000	65,000	70,285	(5,285)
Other	40,000	63,300	60,942	2,358
Capital Outlay	<u>250,000</u>	<u>250,000</u>	<u>164,782</u>	<u>85,218</u>
Total Expenditures	<u>1,920,500</u>	<u>2,072,300</u>	<u>1,813,775</u>	<u>258,525</u>
Excess of Revenues over Expenditures	23,822	(88,195)	327,368	415,563
Fund Balance:				
Beginning of the Year	<u>3,600,305</u>	<u>3,600,305</u>	<u>3,600,305</u>	<u>-</u>
End of the Year	<u>\$ 3,624,127</u>	<u>\$ 3,512,110</u>	<u>\$ 3,927,673</u>	<u>\$ 415,563</u>

See independent auditor's report

Ponchatoula Area Recreation District No. 1
Ponchatoula, Louisiana
 Budgetary Comparison Schedule – 4-Mil Gymnasium Fund
 For the Year Ended December 31, 2023

Schedule 2

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Final Budget Variance - Favorable / (Unfavorable)
Revenues:				
Ad Valorem Taxes	\$ 626,921	\$ 645,000	\$ 731,855	\$ 86,855
Interest Income	-	-	7,859	7,859
Total Revenues	626,921	645,000	739,714	94,714
Expenditures:				
Parks and Recreation:				
Pension Fund Mandate	21,000	21,000	28,114	(7,114)
Debt Service	675,000	643,025	643,025	-
Total Expenditures	696,000	664,025	671,139	(7,114)
Excess / (Deficiency) of				
Revenues over Expenditures	(69,079)	(19,025)	68,575	87,600
Fund Balance:				
Beginning of the Year	1,079,801	1,079,801	1,079,801	-
End of the Year	\$ 1,010,722	\$ 1,060,776	\$ 1,148,376	\$ 87,600

See independent auditor's report

Other Supplemental Information

Ponchatoula Area Recreation District No. 1

Schedule 3

Ponchatoula, Louisiana

Schedule of Changes in Unsettled Deposits – Agency Fund

For the Year Ended December 31, 2023

Unsettled Deposits - Beginning of the Year	\$	27,016
Additions:		
Deposits:		
Online Registrations		141,239
Interest		<u>140</u>
Total Additions		<u>141,379</u>
Reductions:		
Ponchatoula Youth Baseball/Softball		75,223
Ponchatoula Basketball Association		18,600
Ponchatoula Youth Volleyball		17,700
Ponchatoula Little Conference Football		16,620
Online Processing Fees		<u>7,714</u>
Total Reductions		<u>135,857</u>
Unsettled Deposits - End of the Year	\$	<u><u>32,538</u></u>

See independent auditor's report.

Ponchatoula Area Recreation District No. 1
Ponchatoula, Louisiana
 Schedule of Compensation Paid Board Members
 For the Year Ended December 31, 2023

Schedule 4

<u>Name and Address</u>	<u>Position</u>	<u>Salary</u>	<u>Term Expires</u>
Terry Byers 40271 Byers Rd Ponchatoula, LA 70454	Chairman	-	April 2027
Roger Kennedy 39092 Dutch Lane Ponchatoula, LA 70454	Commissioner	-	April 2025
Patricia Landaiche 13108 East Coles Creek Loop Hammond 70403	Commissioner	-	April 2026
Kyle Mitchell 20062 Elijah Bend Ponchatoula, LA 70454	Commissioner	-	April 2028
Marshall Graves 507 North 3rd St. Ponchatoula, LA 70454	Commissioner	-	April 2024
		<u>\$</u> -	

See independent auditor's report.

Ponchatoula Area Recreation District No. 1

Schedule 5

Ponchatoula, Louisiana

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

For the Year Ended December 31, 2023

Agency Head: Paul Jacob Stevens, Park Director

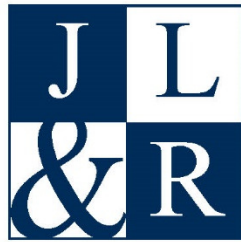
Purpose	Amount
Salary	\$ 83,651
Benefits - Insurance	13,552
Benefits - Retirement	2,483
Deferred Compensation	-
Benefits - Other - Supplemental Pay	-
Car Allowance	-
Vehicle Provided by Government	-
Vehicle Rental	-
Cell Phone	-
Dues	-
Per Diem	-
Reimbursements	-
Travel	-
Registration Fees	-
Conference Travel	-
Housing	-
Unvouchered Expenses	-
Special Meals	-
Other	-
	<u>\$ 99,686</u>

See independent auditor's report.

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

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

Lyle E. Lambert, CPA
Lauren Kimble Smith, CPA



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


Member of
American Institute of CPAs
Society of Louisiana CPAs

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

Mr. Terry Byers, Chairman
and Members of the Board of Commissioners
Ponchatoula Area Recreation District No. 1
Ponchatoula, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Ponchatoula Area Recreation District No. 1 (the "District"), as of for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 28, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District'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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of current year findings, recommendations, and responses as items 2023-001 and 2023-002 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of current year findings, recommendations, and responses as items 2023-003 and 2023-004 to be significant deficiencies.

Report on Compliance and Other Matters

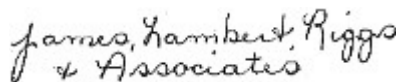
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 current year findings, recommendations, and responses as item 2023-005.

Ponchatoula Area Recreation District No. 1's Response to Findings

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

Purpose of this Report

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



James Lambert Riggs & Associates, Inc.
Hammond, Louisiana

June 28, 2024

Ponchatoula Area Recreation District No. 1

Ponchatoula, Louisiana

Schedule of Current Year Findings, Recommendations, and Responses

For the Year Ended December 31, 2023

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 each major fund of the Ponchatoula Area Recreation District No. 1 as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated June 28, 2024. 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	___	No
Significant Deficiencies	<u>X</u>	Yes	___	No

Compliance:

Compliance Material to the Financial Statements	<u>X</u>	Yes	___	No
---	----------	-----	-----	----

2. Management Letter

Was a management letter issued?	___	Yes	<u>X</u>	No
---------------------------------	-----	-----	----------	----

Section II – Financial Statement Findings

Internal Control over Financial Reporting

2023-001 – Financial Statement Preparation

Condition:

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

This condition was also noted in the prior year.

Criteria:

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

Ponchatoula Area Recreation District No. 1
Ponchatoula, Louisiana
Schedule of Current Year Findings, Recommendations, and Responses
For the Year Ended December 31, 2023

Cause:

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

Effect:

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

Recommendation:

We recommend no action be taken.

Management's Response:

See the attached management response letter.

2023-002 – Internal Control Deficiency over Bank Statement and Bank Reconciliation Review

Condition:

During the course of our audit, we noted that the former Office Supervisor / Executive Secretary of the District was investigated by the Louisiana Attorney General as a result of an alleged theft of public funds that took place from approximately July 2021 through July 2023.

As a result of the investigation by the Louisiana Attorney General and conversations with District personnel, we noted the following weaknesses in the internal control processes over cash disbursements and bank reconciliation preparation:

- The District's former Office Supervisor / Executive Secretary was an authorized check signer, had access to the stock of blank checks, and performed the monthly bank reconciliations.
- The District's former Office Supervisor / Executive Secretary did not give a member of the Board of Commissioners a full copy of the bank statement, including images of cleared checks, to review.
- The member of the Board of Commissioners charged with the responsibility of reviewing the monthly bank statements and bank reconciliations did not review the individual items clearing on the bank statement.

Criteria:

Strong internal controls over the District's cash disbursements and bank reconciliation preparation are essential to prevent fraud, waste, abuse, or misappropriation of District resources. Internal controls over cash disbursements and bank reconciliation preparation should be suitably designed so that errors or other irregularities can be prevented or detected and corrected in a timely manner by management or employees during the normal course of performing their assigned duties.

Ponchatoula Area Recreation District No. 1
Ponchatoula, Louisiana
Schedule of Current Year Findings, Recommendations, and Responses
For the Year Ended December 31, 2023

Cause:

The cause of this condition appears to be inadequate controls over the supervisory review and approval of completed bank statements and bank reconciliations, including individual items clearing the bank statement.

Effect:

As a result of this internal control weakness, the District's former Office Supervisor / Executive Secretary allegedly disbursed approximately \$110,000 of fraudulent checks that were not discovered in the monthly supervisory review and approval of completed bank statements and bank reconciliations.

The District filed a claim with its insurance company under its fidelity bond coverage crime policy on September 27, 2023 and on December 14, 2023, the District was reimbursed.

Recommendation:

We recommend the following specific actions to improve existing internal controls over cash disbursements and bank reconciliation preparation:

- Remove the current Office Supervisor / Executive Secretary as an authorized check signer if that individual will continue to process cash disbursement checks and have access to the blank stock of checks.
- Require that the bank statements be delivered unopened to an individual independent of the daily accounting functions of the District.
- Require an individual independent of the daily accounting functions prepare the monthly bank reconciliations.
- Require that a member of the Board of Commissioners review the monthly bank reconciliation and perform the following:
 - Trace the bank balance to the bank statement for agreement.
 - Review all uncleared deposits, checks, and other items that create a difference between the bank's balance and the District's balance.
- Require that a member of the Board of Commissioners review the individual items clearing on the monthly bank statement paying particular attention to authorized signatures, payees, amounts, and check endorsements.
- Prepare a certification form, signed by the member of the Board of Commissioners reviewing the bank statement, certifying that they have completed their review of the monthly bank statement and reconciliation.

Management's Response:

See the attached management response letter.

Ponchatoula Area Recreation District No. 1
Ponchatoula, Louisiana
Schedule of Current Year Findings, Recommendations, and Responses
For the Year Ended December 31, 2023

2023-003 – Lack of Adequate Internal Controls over Credit Cards

Condition:

During our audit and review of District credit cards, we tested 100% of the charges for four months of the year and noted the following items:

- In the months of April 2023 and July 2023:
 - Out of 71 individual credit card charges, no documentation was available for 7 charges.
 - 37 individual credit card charges did not have documentation of the business or public purpose of the charges.
 - 10 individual credit card charges did not have an itemized listing of the individual items purchased through the credit card charge.

Criteria:

Strong internal controls over the use of District credit cards is essential to preventing fraud, waste, abuse, or misappropriation of District resources. Internal controls over credit cards should be suitably designed so that errors or other irregularities can be prevented or detected and corrected in a timely manner by management or employees during the normal course of performing their assigned duties.

Cause:

The cause of this condition appears to be an inadequate supervisory review of credit card charges.

Effect:

The lack of strong internal controls over District credit cards resulted in missing or incomplete documentation being available to substantiate the public purpose of credit card charges.

Recommendation:

We recommend the following specific actions to improve the internal controls over the District's credit cards:

- Require that all personnel who use the credit card produce itemized receipts for purchases authorized.
- Require a member of management other than the cardholder review the credit card statement for each individual charge and associated receipts. This review should be documented by the reviewer's signature and date.
- Require that all credit card receipts have a documented business use or public purpose of the charges.
- Require a member of the Board of Commissioners review the statement for each individual charge along with the attached support before payment is made. This review should be documented by the reviewer's signature and date.

Ponchatoula Area Recreation District No. 1
Ponchatoula, Louisiana
Schedule of Current Year Findings, Recommendations, and Responses
For the Year Ended December 31, 2023

Management's Response:

See the attached management response letter.

2023-004 – Internal Controls over Fixed Assets

Condition:

During our audit and testing of fixed assets, we noted several weaknesses in internal controls over fixed assets. The weaknesses we noted are summarized as follows:

- The District failed to perform the annual inventory of the District's fixed assets to determine which assets are still in use and those that should be surplus by the Board of Commissioners.
- The District failed to update the fixed asset tracking software used to reflect the current year fixed asset activity.

Criteria:

Internal controls over fixed assets should be suitably designed so that errors, irregularities, or fraud can be prevented or detected and corrected in a timely manner by management or employees during in the normal course of performing their assigned duties.

Cause:

The cause of this condition appears to be oversight by management and personnel changes with those individuals that are charged with the operation of controls over fixed assets.

Effect:

These internal control weaknesses create an environment in which errors or irregularities in the processing of fixed assets could occur and not be either prevented or detected and corrected by District employees in a timely manner.

Recommendation:

We recommend that the District follow its existing internal control policies and procedures in regards to conducting an annual inventory of all fixed assets and maintaining a permanent record of fixed assets in the software system.

Management's Response:

See the attached management response letter.

Ponchatoula Area Recreation District No. 1
Ponchatoula, Louisiana
 Schedule of Current Year Findings, Recommendations, and Responses
 For the Year Ended December 31, 2023

Compliance and Other Matters

2023-005 – Failure to Pay SIMPLE IRA Contributions when Due

Condition:

During our audit and testing of payroll, we noted the following conditions that need to be improved.

Several payments for employee salary reduction contributions to the District’s Invesco SIMPLE IRA Plan were made late. These contributions were due 30 days after the month end of the subsequent contribution. See the table below:

<u>Payment Date</u>	<u>Month</u>	<u>Company</u>	<u>Amount</u>	<u>Due Date</u>
05/25/23	February 2023	Invesco Trust Company	\$ 2,257.24	03/31/23
05/25/23	March 2023	Invesco Trust Company	\$ 2,890.52	04/30/23
08/22/23	May 2023	Invesco Trust Company	\$ 2,338.42	06/30/23
08/22/23	June 2023	Invesco Trust Company	\$ 3,070.18	07/31/23
12/06/23	October 2023	Invesco Trust Company	\$ 2,076.00	11/30/23
N/A	November 2023	Invesco Trust Company	\$ 2,108.32	12/31/23

This is a recurrent issue from the prior year.

Criteria:

The Regulations of the Invesco SIMPLE IRA Plan requires that:

“The employer must deliver the salary reduction contributions to the financial institution maintaining the SIMPLE IRA as of the earliest date on which the contributions can reasonably be segregated from the employer’s general assets, but no later than the close of the 30-day period following the last day of the month in which such amounts would otherwise have been payable to the employee in cash.”

Cause:

This condition appears to be a lack of understanding requirements and oversight on the part of management who is charged with being the Invesco SIMPLE IRA Plan Administrator for the District’s retirement plan.

Effect:

The potential effect of this condition is that employee salary reduction contributions were not being deposited into their individual retirement accounts timely affecting the employees’ individual retirement account potential investment earnings and interest.

Ponchatoula Area Recreation District No. 1

Ponchatoula, Louisiana

Schedule of Current Year Findings, Recommendations, and Responses

For the Year Ended December 31, 2023

Recommendation:

We recommend the District take the following actions:

- Management reviews the regulations regarding the Invesco SIMPLE IRA Plan Administration and pay all monthly salary contributions when due.
- Management reviews the plan requirements to determine if the District is required to go back and make any additional contributions of the earnings that the contributions would have accrued if they were timely contributed.

Management's Response:

See the attached management response letter.

Ponchatoula Area Recreation District No. 1
Ponchatoula, Louisiana
Schedule of Current Year Findings, Recommendations, and Responses
For the Year Ended December 31, 2023

Louisiana Legislative Auditor's Finding Template for Reporting Fraud and Misappropriations

Agency Name – Ponchatoula Area Recreation District No. 1
Fiscal Year End – December 31, 2023

- 1 A general statement describing the fraud or misappropriation that occurred.

The former Office Supervisor / Executive Secretary allegedly wrote fraudulent checks from the District's General Fund checking account.

- 2 A description of the funds or assets that were the subject of the fraud or misappropriation (ex., utility receipts, petty cash, computer equipment).

Property Taxes and State Revenue Sharing

- 3 The amount of funds or approximate value of assets involved.

Approximately \$110,000

- 4 The department or office in which the fraud or misappropriation occurred.

The alleged fraud took place in the main office of the District.

- 5 The period of time over which the fraud or misappropriation occurred.

The alleged fraud took place between July 2021 and July 2023.

- 6 The title / agency affiliation of the person who committed or is believed to have committed the act of fraud or misappropriation.

The alleged fraud was committed by the former Office Supervisor / Executive Secretary of the District.

- 7 The name of the person who committed or is believed to have committed the act of fraud or misappropriation, if formal charges have been brought against the person and / or the matter has been adjudicated.

Name omitted as the matter is still being adjudicated by the District Attorney of the 21st Judicial District Court.

- 8 Is the person who committed or is believed to have committed the act of fraud still employed by the agency?

The employee was terminated in July 2023.

- 9 If the person who committed or is believed to have committed the act of fraud is still employed by the agency, do they have access to assets that may be subject to fraud or misappropriation?

The employee was terminated in July 2023.

Ponchatoula Area Recreation District No. 1

Ponchatoula, Louisiana

Schedule of Current Year Findings, Recommendations, and Responses

For the Year Ended December 31, 2023

- 10 Has the agency notified the appropriate law enforcement body about the fraud or misappropriation?

The Louisiana Attorney General's office as well as the District Attorney of the 21st Judicial District Court have been informed and have been investigating this matter.

- 11 What is the status of the investigation at the date of the auditor's / accountant's report?

The matter is still being adjudicated by the District Attorney of the 21st Judicial District Court as of the date of the auditor's report, June 28, 2024.

- 12 If the investigation is complete and the person believed to have committed the act of fraud or misappropriation has been identified, has the agency filed charges against that person?

The matter is still being adjudicated by the District Attorney of the 21st Judicial District Court as of the date of the auditor's report, June 28, 2024.

- 13 What is the status of any related adjudication at the date of the auditor's / accountant's report?

The matter is still being adjudicated by the District Attorney of the 21st Judicial District Court as of the date of the auditor's report, June 28, 2024.

- 14 Has restitution been made or has an insurance claim been filed?

An insurance claim was filed by the District and a check totaling \$107,798.98 was received on December 14, 2023.

- 15 Has the agency notified the Louisiana Legislative Auditor and the District Attorney in writing, as required by Louisiana Revised Statute 24:523 (Applicable to local governments only)

The Legislative Auditor and District Attorney of the 21st Judicial District Court have been notified in writing.

- 16 Did the agency's internal controls allow the detection of the fraud or misappropriation in a timely manner?

No – Internal controls over bank reconciliations were not adequate at the time

- 17 If the answer to the last question is “no,” describe the control deficiency / significant deficiency/material weakness that allowed the fraud or misappropriation to occur and not be detected in a timely manner.

See Finding 2023-002 – A member of the Board of Commissioners did not perform a thorough review of the cleared items on the bank statement and bank reconciliation to determine if all checks that were prepared were legitimate.

- 18 Management's plan to ensure that the fraud or misappropriation does not occur in the future

The Board of Commissioners has already implemented additional safeguards over the review of the cleared items on the bank statement and bank reconciliation and will further strengthen these controls based upon auditor recommendations.

Ponchatoula Area Recreation District No. 1
Ponchatoula, Louisiana
 Schedule of Prior Year Findings, Recommendations, and Responses
 For the Year Ended December 31, 2023

Ref #	Fiscal Year Findings Initially Occurred	Description of Findings	Corrective Action Taken
<u>Internal Control over Financial Reporting</u>			
2021-002	December 31, 2022	Financial Statement Preparation	None
<u>Compliance and Other Matters</u>			
2022-002	December 31, 2022	Failure to Pay Simple IRA Contributions when Due and Overpayment	Partial

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



Ponchatoula Area Recreation District No. 1

19030 Ponchatoula Park Drive Ponchatoula, LA 70454

985-370-7273 Fax 985-370-7270

www.pard1.com

James Lambert Riggs and Associates Inc.
401 E Thomas St.
Hammond, LA 70401

June 28, 2024

Dear Mr. Riggs.

In response to the Audit Report by James Lambert Riggs & Associates of Ponchatoula Area Recreation District #1 for the year ended December the 31st. 2023:

The district accepts all findings of the 2023 Annual Financial Statement and will adjust per James Lambert Riggs & Associates recommendations.

Sincerely,

Letisha Smith, Executive Secretary

Jacob Stevens, Park Manager

Terry Byers
Chairman

Roger Kennedy
Commissioner

Marshall Graves
Commissioner

Patricia Landaiche
Commissioner

Kyle Mitchell
Commissioner

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

STATEWIDE AGREED UPON PROCEDURES ENGAGEMENT

FOR THE YEAR ENDED DECEMBER 31, 2023

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

Lyle E. Lambert, CPA
Lauren Kimble Smith, CPA



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


Member of
American Institute of CPAs
Society of Louisiana CPAs

Independent Accountants' Report on Applying Agreed-Upon Procedures

Mr. Terry Byers, Chairman
and Members of the Board of Commissioners
Ponchatoula Area Recreation District No. 1
Ponchatoula, 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, 2023 through December 31, 2023. The Ponchatoula Area Recreation District No. 1 (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, 2023 through December 31, 2023. 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.

James Lambert Riggs & Associates, Inc.
Hammond, Louisiana

June 28, 2024

1. Written Policies and Procedures

- A. 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:
- i. **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - **Results:** No exceptions were noted as a result of the above listed procedures.
 - ii. **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:** No exceptions were noted as a result of the above listed procedures.
 - iii. **Disbursements**, including processing, reviewing, and approving.
 - **Results:** No exceptions were noted as a result of the above listed procedures.
 - iv. **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:** No exceptions were noted as a result of the above listed procedures.
 - v. **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.
 - vi. **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.
 - vii. **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.

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

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

x. ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure / EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

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

xi. ***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:** The District maintains a written information technology disaster recovery / business continuity policy; however, it has not been updated recently and does not comply with all items listed above. The policy should be updated to better reflect the District's current IT procedures and information.

xii. ***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.

2. Board or Finance Committee

A. 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:

i. 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.

- ii. 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.
- iii. 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.
- iv. 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:** The minutes of the board meetings did not reference any discussions regarding the progress of resolving prior year audit findings.

3. Bank Reconciliations

- A. 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:
 - i. 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:** Of the four bank accounts tested, none of the four reconciliations were prepared within two months of the related statement closing date.
 - ii. 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 within 1 month of the date the reconciliation was prepared (e.g., initialed and dated, electronically logged); and
 - **Results:** Of the four bank accounts tested, all four bank reconciliations included written evidence that a member of management or a board member reviewed each reconciliation; however, there was no date to confirm it was reviewed within one month of the date the reconciliation was prepared.

- iii. 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:** For one of the four bank accounts tested, there was no documentation available reflecting management has researched reconciling items that have been outstanding for more than 12 months from the statement closing date.

4. Collections (excluding electronic funds transfers)

- A. 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).
- B. 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:
 - i. Employees responsible for cash collections do not share cash drawers / registers.
 - **Results:** No exceptions were noted as a result of the above listed procedures.
 - ii. 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:** No exceptions were noted as a result of the above listed procedures.
 - iii. 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.
 - iv. 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.
- C. 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.

- D. 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:
- i. Observe that receipts are sequentially pre-numbered.
 - **Results:** No exceptions were noted as a result of the above listed procedures.
 - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - **Results:** No exceptions were noted as a result of the above listed procedures.
 - iii. 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.
 - iv. 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:** One of the deposits selected for testing was not made within one business day of receipt.
 - v. 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.

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

- A. 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).
- B. For each location selected under #5A 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:
 - i. 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.
 - ii. 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.

iii. 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:** The employee responsible for processing payments is allowed to add or modify vendor files. No other employee documents a review of changes to the vendor files.

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

v. 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.]

C. For each location selected under #5A 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:

i. 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.

ii. Observe whether the disbursement documentation included evidence (e.g., initial / date, electronic logging) of segregation of duties tested under #5B, as applicable.

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

D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, 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:** For one out of the five non-payroll related electronic disbursements selected for testing, no invoice or other supporting documentation could be located to support the transaction.

6. Credit Cards / Debit Cards / Fuel Cards / P-Cards

- A. 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.
- B. 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:
- i. 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:** For the one credit cards selected for testing, no supervisory review was noted on the credit card statement.
- ii. 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.
- C. Using the monthly statements or combined statements selected under #7B 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:** Two out of ten randomly selected transactions did not include written documentation of the business / public purpose of the credit card charge. One out of ten randomly selected transactions did not include documentation of the individuals participating in meals (for meal charges only).

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

- A. 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:
- i. 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.
 - ii. If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - **Results:** One out of five reimbursed actual costs was not supported by an itemized receipt.
 - iii. 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 #1A(vii).
 - **Results:** No exceptions were noted as a result of the above listed procedures.
 - iv. 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.

8. Contracts

- A. 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:
- i. 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.
 - ii. 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.

iii. 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.

iv. 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.

9. Payroll and Personnel

A. 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.

B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and:

i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

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

ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials.

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

iii. 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.

iv. 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.

C. 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.

D. 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.

10. Ethics

A. Using the 5 randomly selected employees / officials from "Payroll and Personnel" procedure #9A obtain ethics documentation from management, and:

i. 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:** One out of the five selected employees did not complete one hour of ethics training during the year.

ii. 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.

B. 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.

11. Debt Service

A. 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.

B. 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.

12. Fraud Notice

A. 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.

B. 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.

13. Information Technology Disaster Recovery / Business Continuity

A. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**

i. 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.

ii. 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.

iii. 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.

B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. 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.

C. Using the 5 randomly selected employees / officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees / officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:

- Hired before June 9, 2020 – completed the training; and
- Hired on or after June 9, 2020 – completed the training within 30 days of initial service or employment.

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

14. Prevention of Sexual Harassment

A. Using the 5 randomly selected employees / officials from Payroll and Personnel procedure #9A, 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 the five employees selected was missing the annual sexual harassment training documentation.

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

C. 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:

i. 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.

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

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

iii. 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.

iv. 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.

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

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



Ponchatoula Area Recreation District No. 1

19030 Ponchatoula Park Drive Ponchatoula, LA 70454

985-370-7273 Fax 985-370-7270

www.pard1.com

James Lambert Riggs and Associates Inc.
401 E Thomas St.
Hammond, LA 70401

June 28, 2024

Dear Mr. Riggs.

In response to the statewide Agreed upon procedures Engagement for the year ended December the 31st. 2023:

Written policies and procedures

The district will update the information technology disaster recovery business continuity to better reflect the district's current IT procedures and information.

Board or Finance Committee

The board will discuss any audit findings during board meetings, and it will reflect them in the board minutes.

Bank reconciliation

The district has taken steps to reconcile statements in a timely manner, provide evidence that statements and reconciliations are reviewed and provide documentation. The district will adjust per the recommendations of James Lambert Riggs & Associates.

Non-Payroll Disbursements

The district has taken steps to have another employee review changes to vendors and include all documentation to support transactions. The district will adjust per the recommendations of James Lambert Riggs & Associates.

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

The district has taken steps to better review credits and will adjust per the recommendations of James Lambert Riggs & Associates.

Ethics

All employees/officials will complete one hour of ethics training during the calendar year as required by R.S. 42:1170.

Terry Byers
Chairman

Roger Kennedy
Commissioner

Marshall Graves
Commissioner

Patricia Landaiche
Commissioner

Kyle Mitchell
Commissioner

Prevention of Sexual Harassment

All employees/officials will complete one hour of sexual harassment training during the calendar year as required by R.S. 42:343.



Letisha Smith, Executive Secretary



Jacob Stevens, Park Manager