

**RECREATION DISTRICT NO. 2**  
**OF LIVINGSTON PARISH**

**REPORT ON AUDIT OF**  
**COMPONENT UNIT FINANCIAL STATEMENTS**

**DECEMBER 31, 2022**

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Recreational District No. 2 of  
Livingston Parish  
Watson, Louisiana

**Report on the Audit of the Financial Statements**

***Opinions***

We have audited the accompanying financial statements of the governmental activities and the major fund (the General Fund) of the Recreation District No. 2 of Livingston Parish, “the District,” a component unit of the Livingston Parish Council, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and the major fund (the General Fund) of the Recreation District No. 2 of Livingston Parish, as of December 31, 2022, and the respective changes in financial position and respective budgetary comparison for the General Fund 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Responsibilities of Management for the Financial Statements***

The District’s 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;

this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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 GAAS 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 GAAS, 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.

### ***Report on Summarized Comparative Information***

We have previously audited the District's December 31, 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 15, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 4 through 9 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2023, 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 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.

Respectfully submitted,

*Hannis T. Bourgeois, LLP*

Denham Springs, Louisiana  
June 14, 2023

**RECREATION DISTRICT NO. 2 OF  
LIVINGSTON PARISH**  
Management's Discussion and Analysis  
December 31, 2022

This section of the Recreation District No. 2 of Livingston Parish's (the District) annual financial report represents our discussion and analysis of the District's financial activities for the year ended December 31, 2022. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the detailed financial statements.

**FINANCIAL HIGHLIGHTS**

- \* Net Position on December 31, 2022 and 2021 was \$4,478,475 and \$4,188,672 respectively.
- \* The Net Position of the Governmental Activities showed an increase of \$289,803 in 2022, and an increase of \$313,630 in 2021.
- \* The total General Fund balance at December 31, 2022 was \$2,578,114. This reflects an increase in 2022 to the General Fund of \$169,166 or 7.02%. In 2021, the General Fund balance increased \$294,088 or 13.91%.
- \* At the end of 2022, Unassigned General Fund Balance of \$2,578,114 represents 166.72% of total General Fund Expenditures.
- \* The District's 2022 ad valorem tax revenue increased by 2.55%, while experiencing an increase of 2.27% in 2021. The ad valorem tax revenue totaled \$1,202,548 in 2022 and \$1,172,648 in 2021, representing 70.10% and 67.69% of the total revenues in each of the respective years.

**OVERVIEW OF FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the basic financial statements of the District. The District's basic financial statements are comprised of three components: 1) the government-wide financial statements, 2) the fund financial statements, and 3) the notes to the financial statements.

**Government-wide financial statements** are designed by GASB Statement 34 to change the way in which governmental financial statements are presented. It now provides readers for the first time a concise “entity-wide” Statement of Net Position and Statement of Activities, seeking to give the user of the financial statements a broad overview of the District’s financial position and results of operations in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the District’s assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Activities* presents information showing how the District’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and accrued but unpaid interest).

The government-wide financial statements can be found on pages 10 - 11 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with financial-related legal requirements. All of the funds of the District are governmental type funds.

*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government’s near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government’s near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 12-16 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 17 - 27 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

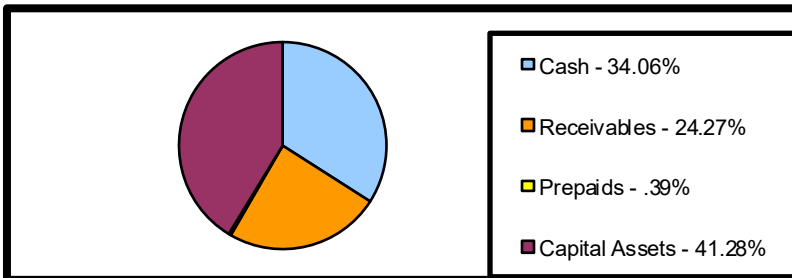
**STATEMENT OF NET POSITION**

The following is a schedule of the District’s net position at December 31, 2022 and 2021. Net position is calculated by taking the difference between the total assets and total liabilities. The District’s assets exceeded its liabilities at the close of 2022 by a total of \$4,478,475.

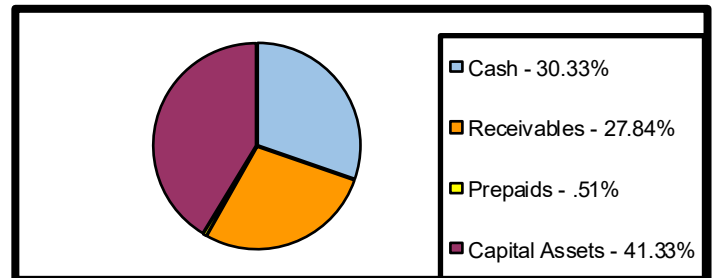
	<u>2022</u>	<u>2021</u>	<u>Increases (Decreases)</u>
Cash and Cash Equivalents and Investments	\$ 1,553,649	\$ 1,290,246	\$ 263,403
Receivables, Net of Allowances	1,107,178	1,184,482	(77,304)
Prepaid Expenses	18,009	21,543	(3,534)
Capital Assets, Net of Accumulated Depreciation	1,882,352	1,758,181	124,171
<b>Total Assets</b>	<b>4,561,188</b>	<b>4,254,452</b>	<b>306,736</b>
<b>Current Liabilities</b>	<b>82,713</b>	<b>65,780</b>	<b>16,933</b>
<b>Total Liabilities</b>	<b>82,713</b>	<b>65,780</b>	<b>16,933</b>
<b>Net Position:</b>			
Investment in Capital Assets	1,882,352	1,758,181	124,171
Unrestricted	2,596,123	2,430,491	165,632
<b>Total Net Position</b>	<b>\$ 4,478,475</b>	<b>\$ 4,188,672</b>	<b>\$ 289,803</b>

The District’s assets are reflected on the following charts:

**2022**



**2021**





## STATEMENT OF ACTIVITIES

The District provides recreational facilities, activities and programs for the area citizens. Included in this are both revenue and non-revenue producing activities. Most of the funding for the District's operation and maintenance is provided by property taxes and public based program fees.

Property taxes are the largest source of revenue for the District. The District collects 15 mills for the operation and maintenance of the park system. This money is put into the General Fund and is used to pay for the operation and maintenance of the park system. The operation and maintenance mills must be renewed every ten years. In May 2015, the voters continued the millage for an additional period of 10 years, to the year 2024. A Renewal Election is planned for to be held in late 2023 for another ten-year period.

Other sources of revenue for the District include ball field rental fees, concessions, grants, and interest on investments. The following chart shows the major source of revenues and expenses.

### **Condensed Statement of Activities**

	<u>2022</u>	<u>2021</u>	<u>Increases (Decreases)</u>
Revenues:			
Program Revenues	\$ 496,919	\$ 552,824	\$ (55,905)
General Revenues	1,218,588	1,179,705	38,883
	<u>1,715,507</u>	<u>1,732,529</u>	<u>(17,022)</u>
Expenses			
Parks and Recreation	1,324,575	1,322,911	1,664
Depreciation	101,129	95,988	5,141
	<u>1,425,704</u>	<u>1,418,899</u>	<u>6,805</u>
Change in Net Position	<u>\$ 289,803</u>	<u>\$ 313,630</u>	<u>\$ (23,827)</u>

### REVENUES

- 2022 Property tax revenue increased \$29,900 or 2.55% from the previous year.
- In 2022, the District received interest income totaling \$16,040 on cash reserves.
- In 2022, the District received no grant revenue.
- In 2022, the District's program and tournament revenue totaled \$138,895 or a 10.52% decrease from the previous year totals. The District continues to handle concessions in house versus outsourcing and has planned for continued forecasted increase for tournament revenues.

## EXPENSES

Total expenses increased by \$6,805 or .005%. Expenses were virtually the same as the prior year even with a decrease in revenues. Expenses per category are outlined below showing changes.

- Salaries and related expenses decreased \$12,931.
- Repairs and maintenance costs increased by \$15,076 over the prior year.
- Program expenses increased by \$11,309.
- Concession expense decreased by \$36,359 due to a few less tournaments being held.
- Bank charges increased by \$5,700 due to increase in trustee fees.
- Utilities increased by \$24,751.
- Legal and Accounting, Miscellaneous, and Assessor's Pension Fund decreased by \$12,321.
- Intergovernmental transfer increased by \$1,496.
- Rentals increased \$12,344 due to increased maintenance.
- Insurance decreased by \$10,527.

## BUDGETARY HIGHLIGHTS

- The final amended budget for revenues reflects a decrease of \$6,000. Ad valorem tax revenues were decreased by \$1,000 and program and tournament revenue were increased by \$6,200. Ball field rental revenue was increased by \$600. Concession revenue was decreased by a net of \$20,500.
- In 2022, the District's actual revenues were more than the final budget by \$9,507. Ad valorem taxes remain on an increase and have rebounded after the property valuation adjustments by the assessor regarding the August 2016 flood impact.
- The final amended budget for expenditures in 2022 reflects an increase of \$62,100. The majority of the budget net increase was due to capital improvement adjustments as originally planned for resulting in an increase of \$137,400. In 2022, actual final capital outlay expenditure was more than amended budget by \$15,400, an unfavorable variance.
- Total actual expenditures along with capital outlay were greater than final amended budget expenditures by \$35,041. An increase in utilities comprised \$16,118 and an increase in capital outlay expense of \$15,400 of this unfavorable variance total.

## CAPITAL ASSETS

**Capital assets.** The District's investment in capital assets as of December 31, 2022 and 2021, amounts to \$1,882,352 and \$1,758,181, respectively (net of accumulated depreciation). The net increase in the District's net investment in capital assets for 2022 was \$124,171 and is composed of a net \$48,148 of additions and \$177,152 construction in progress, less depreciation expense of \$101,129, and with no dispositions.

Major capital asset events during 2022 included the following:

- Purchase of mower and field equipment \$23,790
- Purchase of playground upgrade \$18,332
- Purchase of security camera system \$6,026
- Construction in Progress payment for engineering design on future park expansion \$177,152

## **FUTURE EXPENSES**

The District is committed to previous years' goals of accomplishing proper maintenance to the existing park facilities for the new population demand being experienced. The extreme growth in the number of homeowners in the District and the additional population wishing to use the park facilities will require continued support facilities and future upgrades for parking, etc. Construction of phase one of the master plan expansion of field complexes was completed in 2012. A Cooperative Endeavor agreement between the District and the Parish Council directs the District to transfer amounts to the Livingston Parish Council which in turn will be used to retire the debt. Additional funding was accomplished through the issuance of bonds in 2017 which allowed the District to purchase new land and to complete construction of a turf surface on many fields. The District also is overseeing the basketball, football, baseball, soccer, competitive tournament play and other innovation recreation programs in 2022 and beyond. The District is responsible for running the programs and providing facilities to the public to achieve recreational goals. Additional park expansion of fields for multi sports use will begin as early as 2024.

## **REQUESTS FOR INFORMATION**

The financial report is designed to provide our citizens and creditors with a general overview of the District's finances and reveal the Recreation District's accountability for the money received through its operations. If there are any questions about this report or need of additional financial information, contact Administrative Secretary, Randall Smith, P. O. Box 54, Watson, LA 70786.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**RECREATION DISTRICT NO. 2 OF  
LIVINGSTON PARISH**

**STATEMENT OF NET POSITION**

AS OF DECEMBER 31, 2022  
(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2021)

<b><u>ASSETS</u></b>	<b>Governmental Activities</b>	
	2022	2021
Cash and Cash Equivalents	\$ 1,553,649	\$ 1,290,246
Property Tax Receivables	1,093,402	1,171,925
Accounts Receivable - Other	65	65
Due from Primary Government	13,711	12,492
Prepaid Insurance	18,009	21,543
Capital Assets (Net of Accumulated Depreciation)	1,882,352	1,758,181
Total Assets	\$ 4,561,188	\$ 4,254,452
<b><u>LIABILITIES</u></b>		
Accounts Payable	\$ 73,975	\$ 65,780
Deferred Revenue - Basketball Program	8,738	-
Total Liabilities	82,713	65,780
<b><u>NET POSITION</u></b>		
Investment in Capital Assets	1,882,352	1,758,181
Unrestricted	2,596,123	2,430,491
Total Net Position	4,478,475	4,188,672
Total Liabilities and Net Position	\$ 4,561,188	\$ 4,254,452

The accompanying notes are an integral part of this statement.

**RECREATION DISTRICT NO. 2 OF  
LIVINGSTON PARISH**

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2022  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2021)

<b><u>Governmental Activities:</u></b>	2022	2021
<b>Expenses:</b>		
Parks and Recreation	\$ 1,324,575	\$ 1,322,911
Depreciation	101,129	95,988
Total Expenses	1,425,704	1,418,899
 <b>Program Revenues:</b>		
Charges for Services	496,919	552,824
Net Program Expense	928,785	866,075
 <b>General Revenues:</b>		
Taxes - Property	1,202,548	1,172,648
Interest Income	16,040	7,057
Total General Revenues	1,218,588	1,179,705
Change in Net Position	289,803	313,630
 <b>Net Position - Beginning of Year</b>	4,188,672	3,875,042
<b>Net Position - End of Year</b>	\$ 4,478,475	\$ 4,188,672

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

**RECREATION DISTRICT NO. 2 OF  
LIVINGSTON PARISH**

**BALANCE SHEET - GENERAL FUND**

AS OF DECEMBER 31, 2022  
(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2021)

	<u>2022</u>	<u>2021</u>
<b><u>ASSETS</u></b>		
Cash and Cash Equivalents	\$ 1,553,649	\$ 1,290,246
Property Tax Receivables	1,093,402	1,171,925
Accounts Receivable-Other	65	65
Due From Primary Government	<u>13,711</u>	<u>12,492</u>
Total Assets	<u><u>\$ 2,660,827</u></u>	<u><u>\$ 2,474,728</u></u>
 <b><u>LIABILITIES AND FUND BALANCE</u></b>		
<b>Liabilities:</b>		
Accounts Payable	\$ 73,975	\$ 65,780
Deferred Revenue - Basketball Program	<u>8,738</u>	<u>-</u>
Total Liabilities	82,713	65,780
 <b>Fund Balance:</b>		
Unassigned	<u>2,578,114</u>	<u>2,408,948</u>
Total Fund Balance	<u>2,578,114</u>	<u>2,408,948</u>
Total Liabilities and Fund Balance	<u><u>\$ 2,660,827</u></u>	<u><u>\$ 2,474,728</u></u>

The accompanying notes are an integral part of this statement.



**RECREATION DISTRICT NO. 2  
OF LIVINGSTON PARISH**

RECONCILIATION OF THE GOVERNMENTAL FUND  
BALANCE SHEET TO THE STATEMENT OF NET POSITION

AS OF DECEMBER 31, 2022  
(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2021)

	<u>2022</u>	<u>2021</u>
<b>Fund Balance - Total Governmental Fund</b>	\$ 2,578,114	\$ 2,408,948
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 Funds		
Governmental Capital Assets	3,222,668	2,997,368
Less: Accumulated Depreciation	<u>(1,340,316)</u>	<u>(1,239,187)</u>
	1,882,352	1,758,181
Prepaid Insurance	<u>18,009</u>	<u>21,543</u>
<b>Net Position of Governmental Activities</b>	<u><u>\$ 4,478,475</u></u>	<u><u>\$ 4,188,672</u></u>

The accompanying notes are an integral part of this statement.

**RECREATION DISTRICT NO. 2 OF  
LIVINGSTON PARISH**

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2022  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2021)

	2022	2021
<b>Revenues:</b>		
Ad Valorem Tax, Net	\$ 1,202,548	\$ 1,172,648
Ballfield Rental	6,575	2,456
Other Program Revenue	90,370	93,781
Tournament Revenue	48,525	61,450
Interest	16,040	7,057
Concessions	332,893	375,005
Miscellaneous	18,556	20,132
Total Revenues	1,715,507	1,732,529
<b>Expenditures:</b>		
Parks and Recreations:		
Payroll and Payroll Taxes	283,312	296,243
Commissioner Per Diem	6,100	5,800
Bank Charges	14,366	8,666
Concession Expense	175,489	211,848
Insurance	54,083	64,610
Legal and Accounting	33,946	42,232
Miscellaneous	3,124	7,846
Assessor's Pension Fund	47,601	46,914
Program Expenses	106,626	95,317
Rent	12,344	-
Repairs and Maintenance	140,734	125,658
Supplies and Small Equipment	3,254	1,554
Intergovernmental Transfer	341,944	340,448
Utilities	98,118	73,367
	1,321,041	1,320,503
Capital Outlay	225,300	117,938
Total Expenditures	1,546,341	1,438,441
Excess of Revenues over Expenditures	169,166	294,088
<b>Fund Balance at Beginning of Year</b>	2,408,948	2,114,860
<b>Fund Balance at End of Year</b>	\$ 2,578,114	\$ 2,408,948

The accompanying notes are an integral part of this statement.

**RECREATION DISTRICT NO. 2  
OF LIVINGSTON PARISH**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND  
TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2022  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2021)

	2022	2021
<b>Net Change in Fund Balance - Total Governmental Fund</b>	\$ 169,166	\$ 294,088
<p>Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.</p>		
Capital Outlays	225,300	117,938
Depreciation Expense	(101,129)	(95,988)
Change in Prepaid Insurance	(3,534)	(2,408)
<b>Change in Net Position of Governmental Activities</b>	<b>\$ 289,803</b>	<b>\$ 313,630</b>

The accompanying notes are an integral part of this statement.

**RECREATION DISTRICT NO. 2  
OF LIVINGSTON PARISH**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2022

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
<b>Revenues:</b>				
Ad Valorem Tax, Net	\$ 1,199,000	\$ 1,198,000	\$ 1,202,548	\$ 4,548
Ballfield Rental	5,000	5,600	6,575	975
Other Program Revenue	92,500	95,700	90,370	(5,330)
Tournament Revenue	50,000	53,000	48,525	(4,475)
Interest	8,500	11,600	16,040	4,440
Concessions	342,500	322,000	332,893	10,893
Miscellaneous	14,500	20,100	18,556	(1,544)
Total Revenues	1,712,000	1,706,000	1,715,507	9,507
<b>Expenditures:</b>				
Parks and Recreation:				
Payroll and Payroll Taxes	315,000	284,700	283,312	1,388
Commissioner Per Diem	7,200	6,600	6,100	500
Bank Charges	11,000	13,500	14,366	(866)
Concession Expense	200,000	170,000	175,489	(5,489)
Insurance	57,000	52,000	54,083	(2,083)
Legal and Accounting	59,000	34,500	33,946	554
Miscellaneous	4,000	1,000	3,124	(2,124)
Assessor's Pension Fund	48,000	48,000	47,601	399
Program Expenses	102,500	117,400	106,626	10,774
Rent	3,000	3,000	12,344	(9,344)
Repairs and Maintenance	148,000	142,200	140,734	1,466
Supplies and Small Equipment	5,000	4,500	3,254	1,246
Travel	500	-	-	-
Intergovernmental Transfer	342,000	342,000	341,944	56
Utilities	74,500	82,000	98,118	(16,118)
	1,376,700	1,301,400	1,321,041	(19,641)
Capital Outlay	72,500	209,900	225,300	(15,400)
Total Expenditures	1,449,200	1,511,300	1,546,341	(35,041)
Excess of Revenues over Expenditures	262,800	194,700	169,166	(25,534)
<b>Fund Balance at Beginning of Year</b>	2,408,948	2,408,948	2,408,948	-
<b>Fund Balance at End of Year</b>	\$ 2,671,748	\$ 2,603,648	\$ 2,578,114	\$ (25,534)

The accompanying notes are an integral part of this statement.

**RECREATION DISTRICT NO. 2 OF  
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022

**(1) Summary of Significant Accounting Policies -**

The Recreation District No. 2 “the District” is a corporate body created by the Livingston Parish Council as provided by Louisiana Revised Statutes. The District is governed by a board of seven commissioners who are appointed by the Livingston Parish Council.

The financial statements of the District have been prepared in accordance 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 standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of these accounting policies are described below and, where appropriate, subsequent pronouncements will be referenced.

A. Financial Reporting Entity

This report includes all funds which are controlled by or dependent on the District's Board of Commissioners. Control by or dependence on the board was determined on the basis of taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility.

In conformance with Governmental Accounting Standards Board, Statement 61, the District is a component unit of the Livingston Parish Council, the governing body of the parish. The accompanying financial statements present information only on the funds maintained by the Recreation District and do not present information on the Council and the general government services provided by that governmental unit.

B. Basis of Presentation

Basic Financial Statements - Government-Wide Statements

The Recreation District’s basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District’s major fund). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. There were no activities of the District categorized as a business-type activity.

**RECREATION DISTRICT NO. 2 OF  
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022

In the government-wide Statement of Net Position, the governmental activity column (a) is presented on a consolidated basis by column, (b) and is reported on a full accrual, economic resource basis.

The government-wide Statement of Activities reports both the gross and net cost of the District's functions. The Statement of Activities reduces gross expenses by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while capital grants reflects capital-specific grants.

The net costs (by function) are normally covered by general revenue (taxes, interest and investment earnings, etc.).

The District does not allocate indirect costs.

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

Basic Financial Statements - Fund Financial Statements

The financial transactions of the District are reported in an individual fund in the fund financial statements. This fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures. This fund is reported by generic classification within the financial statements.

The District uses the following fund type:

Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental fund of the District:

The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. At December 31, 2022, it is the only fund of the District.

**RECREATION DISTRICT NO. 2 OF  
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022

C. Basis of Accounting and Measurement Focus

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

**1. Accrual -**

The governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Revenues of the District consist principally of property taxes, charges for services and interest income. Interest income is recorded when earned. Property taxes are recorded as revenues when levied even though a portion of the taxes may be collected in subsequent years.

**2. Modified Accrual -**

The governmental funds financial statements are presented on 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 that the amount of the transaction can be determined and "available" means that the amount of the transaction is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. A sixty day availability period is used for all governmental fund type revenues. Expenditures are recorded when the related fund liability is incurred. Depreciation is not recognized in the Governmental Fund Financial Statements.

D. Capital Assets

Capital assets are reported in the government-wide financial statements at historical cost. Additions, improvements or other capital outlays costing at least \$1,000 and significantly extend the useful life of an asset are capitalized. Costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on a straight line basis over the following estimated useful lives:

Buildings	20 to 40 years
Parking Area	20 years
Fencing, Lighting, Bleachers and Equipment	5 to 30 years
Vehicles	5 years

E. Budgetary Practices

The District utilizes the following budgetary practices:

The Administrative Secretary prepares the annual budget which is based on what is expected to be collected and/or levied during the fiscal year and is approved by the Board. The adopted budget constitutes the authority of the Recreation District No. 2

**RECREATION DISTRICT NO. 2 OF  
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022

to incur liabilities and authorize expenditures from the respective budgeted funds. Additionally, certain expenditures are approved monthly by the Board before payment.

All budget amounts presented in the financial statements have been adjusted for legally authorized revisions of the annual budget during the year.

F. Estimates

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

G. Summary Financial Information for 2021 and Reclassification

The financial statements include certain prior year summarized information in total. Such information does not include sufficient details to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended December 31, 2021, from which the summarized information was derived.

Certain items in the 2021 financial statements may have been reclassified to conform to the presentation in the current year financial statements. Such reclassifications had no effect on previously reported change in net position or excess (deficiency) of revenues over expenses and change in fund balance or excess (deficiency) of revenues over expenditures.

H. Fund Balance

In accordance with the provisions of Governmental Accounting Standards Board Statement No. 54, the District presents the following classification of fund balances in the governmental fund financial statements:

Nonspendable - Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - Amounts that can be spent only for specific purposes, because of constitutional provisions, enabling legislation or constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed - Amounts that can only be used for specific purposes determined by a formal action of the District. These amounts cannot be used for any other purpose unless the District removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed.



**RECREATION DISTRICT NO. 2 OF  
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022

Assigned – These are mounts that do not meet the criteria to be classified as restricted or committed, but are intended to be used for specific purposes based on the discretion of the Board.

Unassigned - All amounts that have not been assigned to other funds and amounts that have not been restricted, committed, or assigned to specific purposes within the general fund. Also within other governmental funds, these include expenditure amounts incurred for specific purposes which exceed the amounts restricted, committed or assigned for those purposes. The District has not adopted a policy to maintain the general fund’s unassigned fund balance above a certain minimum balance.

The details of the fund balances are included in the Balance Sheet - Governmental Funds. Restricted funds are used first as appropriate. Assigned Funds are reduced to the extent that expenditure authority has been budgeted by the District or the Assignment has been changed by the District. Decreases to fund balance first reduce Unassigned Fund balance; in the event that Unassigned becomes zero, then Assigned and Committed Fund Balances are used in that order.

**(2) Cash and Cash Equivalents -**

For reporting purposes, cash and cash equivalents include cash, demand deposits, and time certificates of deposit. Under state law the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, any other state in the union, or under the laws of the United States. Further, the District may invest in time deposits or certificates of deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

The District had cash and cash equivalents totaling \$1,552,370 with a carrying amount of \$1,551,449 at December 31, 2022. Cash and cash equivalents are stated at cost, which approximates market. The following is a summary of cash and cash equivalents at December 31, 2022:

	Book Balance	Bank Balance
Cash Held	\$ 2,200	\$ -
Demand Deposits and Savings Accounts	1,551,449	1,552,370
	\$ 1,553,649	\$ 1,552,370

**Custodial Credit Risk - Deposits.** In the case of cash deposits, this is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. To mitigate this risk, state law requires for these deposits (or the resulting bank balances) to be secured by federal deposit insurance or the pledge of securities 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 bank. These securities are held in the name of the pledging fiscal agent bank in a

**RECREATION DISTRICT NO. 2 OF  
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022

holding or custodial bank that is mutually acceptable to both parties. Even though the pledged securities may be considered uncollateralized (Category 3) under provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposed a statutory requirement of the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand. At December 30, 2022, the District has \$1,552,370 in demand deposits (collected bank balances) for cash and cash equivalents (in two bank). \$250,000 of the demand deposits at each bank are secured from risk by \$250,000 of federal deposit insurance and the remaining \$1,124,241 of demand deposits are secured by pledged securities. The \$1,124,241 is exposed to custodial credit risk because while the amount is secured by pledged securities, such securities are held by the custodial bank in the same of the fiscal agent bank (GASB Category 3).

**(3) Property Taxes -**

On May 2, 2015, an election was held whereby the voters of Recreation District No. 2 of Livingston Parish approved the renewal of the 10 year 15.00 mill ad valorem tax assessed on all property subject to taxation within the District for the purpose of “constructing, improving, maintaining, and operating the District’s recreational facilities governed by the District.” This assessment began in the year 2015 and will end with the year 2024.

Property taxes attach as an enforceable lien on property as of January 1, of each year. Taxes are levied in September or October and are actually billed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year.

The District’s taxes are collected by the Livingston Parish Tax Collector and are remitted to the District monthly. Total taxes assessed and taxes receivable at December 31, 2022 are as follows:

Revenues:

Assessed Valuation	\$ 81,750,870
x Assessed Millage	<u>      x 15.00M</u>
Ad Valorem Taxes Assessed	1,226,263
Less: Estimated Uncollectible	<u>      (30,657)</u>
Net Current Year Ad Valorem Tax	1,195,606
Additional Prior Year Taxes Collected in 2021	<u>          6,942</u>
Ad Valorem Tax Revenues	<u><u>      \$ 1,202,548</u></u>

Receivable:

Net Current Year Ad Valorem Taxes	\$ 1,195,606
Less: Amounts Collected Before December 31	<u>      (102,204)</u>
Property Tax Receivable, Net of Allowance	<u><u>      \$ 1,093,402</u></u>

**RECREATION DISTRICT NO. 2 OF  
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022

**(4) Changes in Capital Assets -**

Capital asset activity for the year ended December 31, 2022 is as follows:

<u>Governmental Activities</u>	<u>Balance December 31, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2022</u>
Capital Assets not being Depreciated:				
Land	\$ 725,079	\$ -	\$ -	\$ 725,079
Construction in Progress	<u>-</u>	<u>177,152</u>	<u>-</u>	<u>177,152</u>
Total Capital Assets not being Depreciated	725,079	177,152	-	902,231
Capital Assets being Depreciated:				
Building	1,035,550		-	1,035,550
Parking Area	171,902	-	-	171,902
Fencing, Lighting, Bleachers, and Equipment	1,034,269	48,148	-	1,082,417
Vehicles	<u>30,568</u>	<u>-</u>	<u>-</u>	<u>30,568</u>
Total Capital Assets being Depreciated	2,272,289	48,148	-	2,320,437
Less Accumulated Depreciation for:				
Building	362,144	41,636	-	403,780
Parking Areas	153,071	1,755	-	154,826
Fencing, Lighting, Bleachers, and Equipment	702,997	54,024	-	757,021
Vehicles	<u>20,975</u>	<u>3,714</u>	<u>-</u>	<u>24,689</u>
Total Accumulated Depreciation	<u>1,239,187</u>	<u>101,129</u>	<u>-</u>	<u>1,340,316</u>
Total Capital Assets being Depreciated, Net	<u>1,033,102</u>	<u>(52,981)</u>	<u>-</u>	<u>980,121</u>
Total Governmental Activities Capital Assets, Net	<u>\$1,758,181</u>	<u>\$124,171</u>	<u>\$ -</u>	<u>\$1,882,352</u>

Depreciation expense for the year ended December 31, 2022 is \$101,129 as reported in the Statement of Activities.

**(5) Changes in Long-Term Debt -**

The District has no long term debt outstanding at December 31, 2022. See Note 10 concerning outstanding bonds issued in the name of the Livingston Parish Council and the proceeds used to expand and improve facilities of the District.

**RECREATION DISTRICT NO. 2 OF  
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022

**(6) Leases -**

The District has no outstanding leases at December 31, 2022 that meet the recognition criteria of Governmental Accounting Standards Board Statement. No. 87, *Leases*.

**(7) Compensated Absences -**

At December 31, 2022, the District's policy allows full time employees to receive 10 days of sick pay per year. Also, full time employees are eligible for paid vacation days depending on years of service: 1-5 years – 10 days, 6-10 years – 15 days, and 11+ years – 20 days. No vacation or sick time may be carried over to the next year.

**(8) Per Diem Paid Board Members -**

Each member of the Board of Commissioners is eligible to receive a per diem allowance for attending each regular or special meeting of the board. In 2022, the per diem allowance was \$100 per meeting. All Board Members serve five year terms. Per diems paid to the board members for the year was as follows:

Chris Prescott (Term expires February 13, 2027)	\$ 800
James Hood (Term expires February 13, 2025)	1,000
Tracey McRae (Term expires February 13, 2028)	1,100
Vickie Brown (Term expires February 13, 2027)	900
Brett Beard (Term expires February 13, 2023)	500
April Curtis (Term expires February 13, 2028)	800
Bobbi Guerin (Term expires February 13, 2028)	<u>1,000</u>
	<u>\$ 6,100</u>

**(9) Schedule of Compensation, Benefits, Reimbursements and Other Payments to Agency Head or Chief Executive Officer -**

In accordance with Louisiana Revised Statute 24:513A, the following is a Schedule of Compensation and Benefits received by Chairman of the Board of Directors, who was the acting agency head for the year ended December 31, 2022.

**RECREATION DISTRICT NO. 2 OF  
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022

Purpose	Board Chairman Chris Prescott
Per Diem	\$ 800
Benefits-Insurance	-
Benefits-Retirement	-
Reimbursements	-
Travel	-
Registration Fees	-
	\$ 800

**(10) Commitment -**

On February 11, 2015, the Board of Commissioners of the District 2 voted to adopt a Resolution requesting for the Parish of Livingston to proceed with a bond issue not to exceed \$4,375,000 through the Louisiana Local Government Environmental Facilities and Community Development Authority in order to provide funds to refund all or a portion of the outstanding Revenue Bonds, Series 2008, and to authorize entering into a Local Service Agreement between the Parish of Livingston and the District, in accordance with the provisions of Louisiana Revised Statutes 33:1321 - 1337, which provides for financing agreements between political subdivisions. On December 17, 2015, the Livingston Parish Council issued \$3,820,000 Local Government Environmental Facilities and Community Development Authority Revenue Refunding Bonds (Livingston Parish, Louisiana – Live Oak Sports Complex Project), Series 2015 for the purpose of refunding a portion of the 2008 Series Bonds maturing in the years 2019-2038 (including all sinking fund payments associated therewith), funding the Reserve Fund for the Bonds, and paying the costs of issuance of the Bonds. The net proceeds of \$3,767,788 were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2008 Series bonds. As a result, \$3,590,000 of the 2008 Series Bonds were considered in-substance defeased and the District no longer has a commitment for the defeased portion of 2008 Series Bonds. During 2018, the defeased bonds were paid off. This advance refunding was undertaken to decrease total debt service payments over the next 23 years by \$360,687 and resulted in an economic gain of \$172,959.

On April 12, 2017, the Board of Commissioners of the District voted to adopt a Resolution requesting for the Parish of Livingston to proceed with a bond issue not to exceed \$2,000,000 through the Louisiana Local Government Environmental Facilities and Community Development Authority in order to provide funds for the District to acquire, design, construct, and develop public parks, playgrounds, and recreational properties and facilities within the District. The Board of Commissioners also voted to authorize entering into a Local Service Agreement between the Parish of Livingston and the District, in accordance with the provisions of Louisiana Revised Statutes 33:1321 – 1337, which provides for financing agreements between political subdivisions. On June 14, 2017, the Board voted to authorize the Parish of Livingston to proceed with a financing amount not to exceed \$2,000,000 in bonds for the facility expansion and other costs related to the

**RECREATION DISTRICT NO. 2 OF  
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022

issuance of the debt. Bonds in the amount of \$1,860,000 were issued on July 18, 2017 with scheduled maturities through 2044. The bonds were issued in the name of the Livingston Parish Council and are recorded on the books of the Livingston Parish Council. The Livingston Parish Council administered the construction funds as they were spent on the construction of the new recreational facilities and purchases of land. According to the provisions of the Local Service Agreement, the Parish agreed to deposit the proceeds of the bonds into a construction account to enable the District to finance the Projects and pay the cost of issuance of the bonds while the District agreed to pay the payment obligations to the Trustee, on behalf of the Parish, in accordance with the debt covenant requirements of the loan from current ad valorem tax revenues. During 2017, the District purchased land for future expansion and started a park improvement project with the funds.

For the year ended December 31, 2022, a total of \$341,944 was paid by the District to the Livingston Parish Council for sinking fund payments for the Series 2015 and 2017 Bonds. A total of \$9,897,386 is anticipated to be paid to the trustee on behalf of the Livingston Parish Council by the District by the end of 2044 as provided by the Local Service Agreements. As of December 31, 2022, a total of \$7,266,947 is outstanding and due to the Livingston Parish Council.

For the Series 2015, and Series 2017 Bonds, the remaining annual requirements of principal and interest for sinking fund payments from operations per the Local Service Agreements are as follows:

<u>Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Annual Sinking Fund Requirements</u>
2023	\$ 155,000	\$ 187,253	\$ 342,253	\$ 342,344
2024	160,000	182,528	342,528	342,582
2025	165,000	177,690	342,690	342,682
2026	170,000	172,665	342,665	341,940
2027	175,000	165,490	340,490	341,352
2028-2032	995,000	709,475	1,704,475	1,704,214
2033-2037	1,205,000	502,074	1,707,074	1,707,369
2038-2042	1,450,000	261,733	1,711,733	1,726,268
2043-2044	505,000	25,875	530,875	418,196
	<u>\$ 4,980,000</u>	<u>\$ 2,384,783</u>	<u>\$ 7,364,783</u>	<u>7,266,947</u>
Less:				
Funds Available in Debt Service Reserve Fund				<u>-</u>
Total Remaining Commitment				<u>\$ 7,266,947</u>

**RECREATION DISTRICT NO. 2 OF  
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022

**(11) Current Year Adoption of New Accounting Standards -**

The following statement of the Governmental Accounting Standards Board (GASB) is effective for the District's 2022 fiscal year. The District has adopted and implemented this statement in the preparation of the financial statements for the year ended December 31, 2022:

During the year, the District adopted GASB Statement No. 87, *Leases*. This new accounting standard had no material effect on the District's financial statements.

**(12) Current Accounting Pronouncements -**

The following statements of the Governmental Accounting Standards Board will be effective for years subsequent to the District's fiscal year 2022.

1. Statement No. 91 - *Conduit Debt Obligations (2023)*
2. Statement No. 94 - *Public-Private and Public-Public Partnerships and Availability Payment Arrangements (2023)*
3. Statement No. 96 - *Subscription-Based Information Technology Arrangements (2023)*

Management is currently evaluating the effects of each of the new GASB pronouncements.

**(13) Subsequent Events -**

Management has evaluated subsequent events and transactions for potential recognition or disclosures in the financial statements through June 14, 2023, the date which the financial statements were available to be issued.

INDEPENDENT AUDITOR'S REPORT ON  
INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER  
MATTERS BASED ON AN AUDIT OF  
COMPONENT UNIT FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
*GOVERNMENT AUDITING STANDARDS*



## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Recreation District No. 2 of  
Livingston Parish  
Watson, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund (the General Fund) of Recreation District No. 2 of Livingston Parish (the District) a component unit of the Livingston Parish Council, as of and for the year ended December 31, 2022, 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 14, 2023.

### **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 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 District's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2022-01 and 2022-02.

### **Recreation District No. 2 of Livingston Parish's Response to Findings**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose; however, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

*Hannis T. Bourgeois, LLP*

Denham Springs, Louisiana  
June 14, 2023

**RECREATION DISTRICT NO. 2 OF  
LIVINGSTON PARISH**

SCHEDULE OF FINDINGS AND RESPONSES

DECEMBER 31, 2022

**A. Summary of Auditor’s Results**

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? \_\_\_\_\_ Yes      x   No
- Significant deficiencies identified? \_\_\_\_\_ Yes      x   None Reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes      x   No

Other matter reported?   x   Yes    \_\_\_\_\_ No

**B. Findings - Internal Control Over Financial Reporting**

None

**C. Findings - Compliance and Other Matters**

Finding 2022-01 – Misappropriation of Cash and Assets

Criteria:

The Louisiana Legislative Auditor requires the reporting of misappropriations of cash and assets that are \$1,000 or greater.

Condition:

On September 14, 2022, when the Director was balancing weekend concession proceeds it was discovered that a District employee stole concessions cash proceeds totaling \$1,000 on September 10, 2022. The Director dismissed the employee the week of September 15<sup>th</sup> due to the alleged theft. On September 26, 2022, the Director discovered the same terminated employee entered the District’s facility and stole a piece of the District’s equipment valued under \$500.

The Director reported the misappropriations activity to the appropriate law enforcement body on September 29, 2022. An investigation was immediately started and one suspect was identified as the former concessions manager of the District. The authorities visited the suspect’s personal residence and recovered \$500 cash and the stolen equipment. A warrant was issued for the suspect for felony theft. The authorities are expected to pursued restitution for the District’s remaining \$500 loss when the suspect attends court and a formal judgement is made in the 21<sup>st</sup> Judicial District Court.

On May 1, 2023, the District reported the fraudulent activity to the Louisiana Legislative Auditor as required by R.S. 24:523.

**RECREATION DISTRICT NO. 2 OF  
LIVINGSTON PARISH**

SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)

DECEMBER 31, 2022

Cause:

The District had a misappropriation of cash and assets greater than \$1,000.

Effect:

Due to the District having a misappropriation of cash and assets greater than \$1,000, it was required to be reported in the District's report.

Recommendation:

The District's reconciliation process identified the fraud in a timely manner. An investigation was started by the appropriate law enforcement body. One suspect was identified and charged the same day the investigation was initiated. The District reported the fraudulent activity to the district attorney where the case was handed over for prosecution. Also, the District reported the fraudulent activity to the Louisiana Legislative Auditor.

Management's Response:

Management concurs that the statements regarding this matter are correct and will continue to monitor its internal controls to ensure the safeguarding of public funds. All theft issues encountered or that result in loss will be reported promptly to the board, District Attorney, Law Enforcement Agency, and the Louisiana Legislative Auditor's office.

Finding 2022-02 – Timely Notification of the Louisiana Legislative Auditor on a Misappropriation of Cash and Assets

Criteria:

Notification of the Louisiana Legislative Auditor and district attorney, found in R.S. 24:523, directs an agency head of an auditee who has actual knowledge of or reasonable cause to believe that there has been a misappropriation of the public funds or assets of his agency shall immediately notify, in writing, the Louisiana Legislative Auditor and the district attorney of the parish in which the agency is domiciled of such misappropriation.

"Reasonable cause" shall include information obtained as a result of the filing of a police report, an internal audit finding, or other source indicating such a misappropriation of agency funds or assets has occurred. The district attorney, or other prosecutorial agency, notified of such misappropriation may request audit assistance from the legislative auditor with respect to the misappropriation.

Condition:

On September 14, 2022, when the Director was balancing weekend concession proceeds it was discovered that a District employee stole concessions cash proceeds totaling \$1,000 on September 10, 2022. The Director dismissed the employee the week of September 15<sup>th</sup> due to the alleged theft. On September 26, 2022, the Director discovered the same terminated employee entered the District's facility and stole a piece of District equipment, valued under \$500.

**RECREATION DISTRICT NO. 2 OF  
LIVINGSTON PARISH**

SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)

DECEMBER 31, 2022

The Director reported the misappropriations activity to the appropriate law enforcement body on September 29, 2022. An investigation was immediately started and one suspect was identified, as the former concessions manager of the District. The authorities visited the suspect's personal residence and recovered \$500 cash and the stolen equipment. A warrant was issued for the suspect for felony theft. The authorities are expected to pursue restitution for the District's remaining \$500 loss when the suspect attends court and a formal judgement is made in the 21<sup>st</sup> Judicial District Court.

On May 1, 2023, the District reported the fraudulent activity to the Louisiana Legislative Auditor.

Cause:

The District did not timely report the misappropriation of cash and assets to the Louisiana Legislative Auditor.

Effect:

Due to the District not timely reporting the misappropriation of cash and assets to the Louisiana Legislative Auditor, the District did not comply with requirements of R.S. 24:523, which directs an agency head of an auditee who has actual knowledge of or reasonable cause to believe that there has been a misappropriation of the public funds or assets of his agency shall immediately notify, in writing, the Louisiana Legislative Auditor and the district attorney of the parish in which the agency is domiciled of such misappropriation.

Recommendation:

We recommend the District timely and properly notify the Louisiana Legislative Auditor and district attorney, as required by R.S. 24:523, in any instance that the District's agency head has actual knowledge of or reasonable cause to believe that there has been a misappropriation of the public funds or assets of his agency.

Management's Response:

Management concurs that when the theft of cash took place in September of 2022, the board of commissioners, law enforcement agency, and the District attorney were informed within a two week period for investigation and an arrest. Management shall within a 30 day period inform the Louisiana Legislative Auditor's office as per R.S. 24:523 of the theft discovered in the future versus waiting until the investigation proceeded to trial.

**RECREATION DISTRICT NO. 2 OF  
LIVINGSTON PARISH**

**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**

DECEMBER 31, 2022

**A. Findings - Internal Control Over Financial Reporting**

None.

**B. Findings - Compliance and Other Matters**

None.

**RECREATION DISTRICT NO. 2**  
**OF LIVINGSTON PARISH**

**INDEPENDENT ACCOUNTANT'S REPORT**  
**ON APPLYING AGREED-UPON PROCEDURES**

**DECEMBER 31, 2022**

Baton Rouge | Denham Springs | New Orleans | Hammond  
www.htbcpa.com

Independent Accountant’s Report  
on Applying Agreed-Upon Procedures

To the Board of Commissioners  
Recreation District No.2 of Livingston Parish  
Denham Springs, Louisiana

To the Louisiana Legislative Auditor

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor’s (LLA’s) Statewide Agreed Upon Procedures (SAUPs) for the fiscal period January 1, 2022 through December 31, 2022. The District’s management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

***Written Policies and Procedures***

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1. Obtain and inspect the entity’s written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity’s operations:
  - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget. – **No exceptions.**
  - b) ***Purchasing***, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes. – **No exceptions.**
  - c) ***Disbursements***, including processing, reviewing, and approving. – **No exceptions.**
  - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management’s actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties,



reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation). – **No exceptions.**

- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules. – **No exceptions.**
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process. – **No exceptions.**
- g) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers. – **No exceptions.**
- h) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases). – **No exceptions.**
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity’s ethics policy. – **No exceptions.**
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

**Exception** – The District does have written policies and procedures for debt service that address debt issuance approval, but the policies do not specifically address continuing disclosure/EMMA reporting requirements, debt reserve requirements, and debt service requirements.

- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event. – **No exceptions.**
- l) **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

**Exception** - The District does have written policies and procedures for prevention of sexual harassment; however, the procedures do not specifically address annual employee training and annual reporting.

### ***Board or Finance Committee***

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- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board’s enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
  - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board’s enabling legislation, charter, bylaws, or other equivalent document. – **No exceptions.**
  - b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-

to-actual, at a minimum, on proprietary funds, and semi-annual budget- to-actual, at a minimum, on all special revenue funds. – **No exceptions.**

- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund. – **No exceptions.**
- d) Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management’s corrective action plan at each meeting until the findings are considered fully resolved. – **No exceptions.**

### ***Bank Reconciliations***

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- 3. Obtain a listing of entity bank accounts for the fiscal period from management and management’s representation that the listing is complete. Ask management to identify the entity’s main operating account. Select the entity’s main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
  - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged); – **No exceptions.**
  - b) Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and  

**Exception** – While three of the three bank reconciliations selected for testing included written board member signature demonstrating board member reviewed the bank reconciliations, there was no written date documenting date of the board member’s review of these three selected bank reconciliations.
  - c) Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable. – **No exceptions.**

### ***Collections (excluding electronic funds transfers)***

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- 4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management’s representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5). – **No exceptions.**
- 5. For each deposit site selected, obtain a listing of collection locations and management’s representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
  - a) Employees responsible for cash collections do not share cash drawers/registers; – **No exceptions.**

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit; – **No exceptions.**
  - c) Each employee responsible for collecting cash is not 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; and – **No exceptions.**
  - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation. – **No exceptions.**
6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period. – **No exceptions.**
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under “Bank Reconciliations” above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
- a) Observe that receipts are sequentially pre-numbered. – **No exceptions.**
  - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip. – **No exceptions.**
  - c) Trace the deposit slip total to the actual deposit per the bank statement. – **No exceptions.**
  - d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
- Exception** – For one of the four deposits tested, it was determined that the actual deposit was made more than one business day after the physical collection. It was deposited two days after receipt.
- e) Trace the actual deposit per the bank statement to the general ledger. – **No exceptions.**

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

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8. Obtain a listing of locations that process payments for the fiscal period and management’s representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5). – **No exceptions.**
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase; – **No exceptions.**

- b) At least two employees are involved in processing and approving payments to vendors; – **No exceptions.**
- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files; – **No exceptions.**
- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and – **No exceptions.**
- e) Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means. – **No exceptions.**

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

- 10. For each location selected under #8 above, obtain the entity’s non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management’s representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and: – **No exceptions.**
  - a) Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity. – **No exceptions.**
  - b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable. – **No exceptions.**
- 11. Using the entity’s main operating account and the month selected in Bank Reconciliations procedure #3, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity’s policy, and (b) approved by the required number of authorized signers per the entity’s policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements. – **No exceptions.**

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

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- 12. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-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. – **No exceptions.**
- 13. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
  - a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and – **No exceptions.**

b) Observe that finance charges and late fees were not assessed on the selected statements. – **No exceptions.**

14. Using the monthly statements or combined statements selected under #13 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 inspection). 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 note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny. – **No exceptions.**

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

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15. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements, 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: - **There were no travel and travel related expense reimbursements during the current fiscal period. Obtained management’s representation that there were none.**

- a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)); – **See above note.**
- b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased; – **See above note**
- c) Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policies and procedure #1g); and – **See above note.**
- d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement. – **See above note.**

#### ***Contracts***

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16. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management’s representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner’s contract, and: **Note: For 3 of the 5 vendors selected, there were no current formal agreements/contracts on file.**

a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;

**Note:** For the 5 vendors selected, only one was required to follow the Louisiana Public Law and no exception was noted.

b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);

**Note:** For 2 of 5 vendors selected for testing that had current agreements/contracts, there were no exceptions.

- c) If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented); and –

**Note:** For 2 of 5 vendors selected for testing that had current agreements/contracts, there were no amendments.

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

**Note:** – For 2 of 5 vendors selected for testing that had current agreements/contracts, there were no exceptions.

### ***Payroll and Personnel***

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- 17. Obtain a listing of employees and officials employed during the fiscal period and management’s representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files. – **No exceptions.**
- 18. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #17 above, obtain attendance records and leave documentation for the pay period, and:
  - a) Observe all selected employees or official documented their daily attendance and leave (e.g., vacation, sick, compensatory; – **No exceptions.**
  - b) Observe whether supervisors approved the attendance and leave of the selected employees or officials; – **No exceptions.**
  - c) Observe any leave accrued or taken during the pay period is reflected in the entity’s cumulative leave records; and – **No exceptions.**
  - d) Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file. – **No exceptions.**
- 19. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management’s representation that the list is complete. Randomly select two employees or officials, 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 or officials’ authorized pay rates in the employee or officials’ personnel files, and agree the termination payment to entity policy. – **No exceptions.**
- 20. Obtain management’s representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers’ compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines. – **No exceptions.**

## *Ethics*

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21. Using the 5 randomly selected employees/officials from procedure #17 under “Payroll and Personnel” above, obtain ethics documentation from management, and:
- 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; and  
**Exception** – Three of the five employees/officials tested did not obtain ethics training during the calendar year.
  - Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity’s ethics policy during the fiscal period, as applicable. – **No exceptions.**
22. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

**Exception** – The District does not appear to have appointed a specific ethics designee.

## *Debt Service*

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

## *Fraud Notice*

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25. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management’s representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.  
**Exception:** There were two occurrences of misappropriation of public funds and assets during the fiscal period that were incurred by one individual. One occurred on September 10, 2022, and the other on September 26, 2022. The District’s Director reported the misappropriations activity to the appropriate law enforcement body on September 29, 2022. On May 1, 2023, the District reported the fraudulent activity to the legislative auditor.
26. Observe the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds. – **No exceptions.**

## ***Information Technology Disaster Recovery/Business Continuity***

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27. Perform the following procedures, **verbally discuss the results with management, and report “We performed the procedure and discussed the results with management.”**
- a) Obtain and inspect the entity’s most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government’s local server or network, and (c) was encrypted. – **We performed the procedure and discussed the results with management.**
  - b) Obtain and inspect the entity’s most recent documentation that it has tested/verified that its backups can be restored (if there is 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. – **We performed the procedure and discussed the results with management.**
  - c) Obtain a listing of the entity’s computers currently in use and their related locations, and management’s representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor. – **We performed the procedure and discussed the results with management.**
28. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #19. Observe evidence that the selected terminated employees have been removed or disabled from the network. – **No exceptions.**

## ***Prevention of Sexual Harassment***

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29. Using the 5 randomly selected employees/officials from procedure #17 under “Payroll and Personnel” above, obtain sexual harassment training documentation from management, and observe 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.

**Exception** – Three of the five employees/officials tested did not obtain sexual harassment training during the calendar year.

30. Observe 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).

**Exception** – The District does not appear to have its policy and complaint procedures posted on its premises. The District’s website is down for improvements so we could not sight it on the District’s website.

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

**Exception** – The District did not complete an annual sexual harassment report for the current fiscal period.



- a) Number and percentage of public servants in the agency who have completed the training requirements;
- b) Number of sexual harassment complaints received by the agency;
- c) Number of complaints which resulted in a finding that sexual harassment occurred;
- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- e) Amount of time it took to resolve each complaint.

### **Management's Response/Corrective Action to Exceptions**

The District's responses to the exceptions identified in our performance of the SAUPs are attached. The District's responses were not subjected to any procedures applied in the SAUPs and, accordingly, we express no opinion or any assurance on them.

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.

Respectfully submitted,  
*Hannis T. Bourgeois, LLP*

Denham Springs, Louisiana  
June 14, 2023

Livingston Parish Recreation District 2  
P.O. Box 54  
Watson, Louisiana 70786

Management's Response to Agreed-Upon Procedures for 12-31-22 AUP audit:

1-Written Procedures: Debt Service Item (j)

Procedure will be revised in 2023 and board approval secured to authorize Administrative Secretary to obtain the assistance of the banking representative to specifically address the continuing disclosure/EMMA reporting requirements along with debt reserve and debt service requirements. This was policy but was not adopted in 2022.

2-Written Procedures: Sexual Harassment Prevention Item (l)

Current policy for the prevention of sexual harassment will be revised in 2023 to include the annual employee training mandatory guideline and that a summary documentation report of the training performed by all employees at each year end will be the responsibility of the Manager.

3 Bank Reconciliations- Item (b)

The current procedure of securing bank reconciliation verification by the Chairman was followed for all meetings held, but on three documents the Chairman failed to put the date he signed the document. A thorough check shall be made in 2023 to ensure dates are written on the reconciliation document as it is signed. Administrative Secretary witnessed the Chairman sign the documents at each meeting.

4 Collections – Item (7 d)

A procedure was established in a prior year that date stamped checks as they are received in the collection process. The checks received all year are very numerous and many people date their actual checks the day they write them, but on many occasions do not submit to the District until later (this is why the received date stamp procedure was established to prove that the District does not hold checks to deposit). One instance of a single deposit of checks that was date stamped was later than one business banking day. Our current policy allows a 72 hour deposit standard after receipt of funds and this deposit met our current policy (which has not resulted in any irregularities). Considering that almost one hundred deposit items are made annually and due to the shortage of staff during several months in 2022, the instance noted was unavoidable during an absence of staff. Management feels these noted errors are within a practical range of adherence to our current policy, but will strive to be more diligent to attempt to have a 100% compliance in this area of deposits.

5- Contracts – Item 16 (a)

District entered into a board approved contract with an engineering firm for construction planning and design. The contract was signed but held at the Engineering Office, therefore during the testing of the AUP it was not available, but a copy has been received before this response. The other two contracts relate to engagements of professional services on an as needed basis.

6- Ethics Item- 21 (a) and Item 22

In 2023 as per our policy will be followed that all employees will mandatorily be required to take Ethics Training.

An Ethics training resolution will be approved in 2023 to appoint the Manager as the designee to summarize and document the reporting of each employee's certification of Ethics Training annually. The procedure will require a year end summary report reflecting each employee course certification that was completed.

7-Fraud Notice Item 25 and Item 26

District Management followed all law enforcement procedures on this fraud/theft incident in a timely manner and is expecting a 2023 trial by the Parish District Attorney to recover restitution of the remaining \$500 of cash resulting from the theft loss from the past employee. The District with the consensus of the board will in 2023, report to the La Legislative Auditor any fraud incident within a 90 day period to comply in reporting in a timely manner.

8. Prevention of Sexual Harassment – Items 29, 30, 31


The training for sexual harassment will be a mandatory process in 2023 where all officials and employees will mandatorily complete this training course.

The Manager will be the designee in the 2023 policy to make a full year end report reflecting all officials and employees with documentation that the sexual harassment training was accomplished. The District will post the prevention of sexual harassment policy District grounds in various locations. The District shall track Seasonal employees that work minor hours during the year and those with less than 90 days accumulated will be excluded.



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Manager, Michael Hansen



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Randall Smith, Administrative Secretary