

**TANGIPAHOA PARISH RECREATION DISTRICT NO. 3  
AMITE, LOUISIANA**

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**ANNUAL FINANCIAL STATEMENTS**

As of and for the Year Ended December 31, 2023



**Hebert Johnson  
& Associates, Inc.**  
Certified Public Accountants

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*A Professional Accounting Corporation*

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

Annual Financial Report  
As of and for the Year Ended December 31, 2023

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A P R O F E S S I O N A L A C C O U N T I N G C O R P O R A T I O N

## Independent Auditor's Report

To the Board of Directors of  
Tangipahoa Parish Recreation District No. 3  
Amite, Louisiana

### Report on the Audit of the Financial Statements

#### **Opinions**

We have audited the accompanying financial statements of the governmental activities, and the general fund of Tangipahoa Parish Recreation District No. 3, a component unit of Tangipahoa Parish Government, as of and for the fiscal year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and the general fund of Tangipahoa Parish Recreation District No. 3, as of December 31, 2023, and the respective changes in financial position, and for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Tangipahoa Parish Recreation District No. 3 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**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Tangipahoa Parish Recreation District No. 3's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Tangipahoa Parish Recreation District No. 3's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Tangipahoa Parish Recreation District No 3's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplemental Information***

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 28, Schedule of Proportionate Share of the Net Pension Liability on page 29, and the Schedule of Contributions on page 30 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Tangipahoa Parish Recreation District No. 3's basic financial statements. The accompanying Schedule of Compensation, Reimbursements, Benefits and Other Payments to Agency Head and the Schedule of Compensation Paid to Board Members are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation, Reimbursement, Benefits and Other Payments to Agency Head and the Schedule of Compensation Paid to Board Members are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2024, on our consideration of the Tangipahoa Parish Recreation District No. 3's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Tangipahoa Parish Recreation District No. 3's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Tangipahoa Parish Recreation District No. 3's internal control over financial reporting and compliance.

*Chris Johnson*

Hebert Johnson & Associates, Inc.  
A Professional Accounting Corporation  
Ponchatoula, Louisiana  
June 17, 2024

**BASIC FINANCIAL STATEMENTS**

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

Statement A

Statement of Net Position  
December 31, 2023

Governmental  
Activities

**Assets**

Current Assets:		
Cash and Cash Equivalents	\$	331,733
Restricted Assets:		
Cash and Cash Equivalents		290,862
Accounts Receivable, Net		529,736
Capital Assets:		
Land and Construction in Progress		564,552
Other Capital Assets, net of depreciation		2,719,394
Total Assets		4,436,277

**Deferred Outflow of Resources**

GASB 68 - pension		13,112
Deferred charge on refunding		510,816
Total Deferred Outflow of Resources		523,928

**Liabilities**

Accounts Payable		9,716
Accrued Interest - Payable from restricted assets		38,083
Pension Fund Mandate Payable - Payable from restricted assets		19,970
Noncurrent liabilities:		
Due within one year		96,475
Due in more than one year		3,387,804
Net pension liability		6,547
Total Liabilities		3,558,595

**Deferred Inflow of Resources**

GASB 68 - pension		1,773
		1,773

**Net Position**

Net Investment in Capital Assets		502,231
Restricted for Debt Service and Capital Projects		570,797
Unrestricted		326,809
Total Net Position	\$	1,399,837

The accompanying notes are an integral part of this statement.

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

Statement B

STATEMENT OF ACTIVITIES  
For the year ended December 31, 2023

<u>Governmental Activities</u>	
<b>Expenses</b>	
Parks and Recreation services:	
Salaries	\$ 57,367
Payroll Taxes	1,842
Retirement	5,750
Employee Benefits- Health Insurance	13,180
Auditing	16,000
Accounting	21,108
Legal	9,819
Insurance	4,357
Contract Labor	113,696
Concession Stand Supplies	14,103
Supplies	19,386
Repair and Maintenance- Buildings	3,521
Repair and Maintenance- Grounds	3,046
Rental – Storage Unit	2,351
Office Expense	2,046
Miscellaneous	505
Official Journal	610
Per Diem - Board	1,250
Security	1,328
Telephone	900
Travel	783
Website Design	308
Umpires	4,600
Utilities	20,946
Pension Fund Mandate	19,970
Interest Expense	178,501
Depreciation Expense	81,944
Total Expense	599,217
<b>Program Revenues</b>	
Parks and Recreation services:	
Gate Fees	19,260
Park Rental Fees	12,017
Concession Stand Sales	25,179
Total Program Revenues	56,456
Net Program (Expenses)	(542,761)
<b>General Revenues</b>	
Ad Valorem Taxes	528,378
State Revenue Sharing	17,398
Interest Earnings	25,744
Support Revenue	159
Total General Revenues	571,679
Change in Net Position	28,918
<b>Net Position - Beginning of year</b>	1,370,919
<b>Net Position - End of year</b>	\$ 1,399,837

The accompanying notes are an integral part of this statement.



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

Statement C

Balance Sheet  
Government Fund  
December 31, 2023

		<u>General Fund</u>
<b>Assets</b>		
Cash and Cash Equivalents	\$	331,733
Accounts Receivable, Net		529,736
Restricted Cash and Cash Equivalents		<u>290,862</u>
Total Assets	\$	<u><u>1,152,331</u></u>
 <b>Liabilities</b>		
Accounts Payable	\$	9,716
Pension Fund Mandate Payable		<u>19,970</u>
Total Liabilities		<u>29,686</u>
 <b>Fund Balance</b>		
Restricted for Debt Service and Capital Projects		800,628
Unassigned		<u>322,017</u>
Total Fund Balances		<u>1,122,645</u>
 Total Liabilities, and Fund Balances	 \$	 <u><u>1,152,331</u></u>

The accompanying notes are an integral part of this statement.

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

Statement D

Reconciliation of the Governmental Fund Balance Sheet to  
the Government - Wide Statement of Net Position  
December 31, 2023

**Total Fund Balance, Governmental Fund (Statement C)** \$ 1,122,645

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. These assets consist of:

Governmental capital assets, net of depreciation 3,283,946  
Some assets used in governmental activities are not financial resources  
And, therefore, are not reported in the governmental fund.

Net pension liability (6,547)

Deferred outflows and inflows of resources are not available to pay for current – period expenditures and, therefore are not reported in the governmental fund statement.

Deferred Outflow 523,928  
Deferred Inflow (1,773)

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

Accrued Interest (38,083)  
Limited Tax Revenue and Refunding Bonds payable (3,450,000)  
Premium on Bonds payable (34,279)

**Net Position of Governmental Activities (Statement A)** \$ 1,399,837

The accompanying notes are an integral part of this statement.

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

Statement E

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

		<u>General Fund</u>
<b>Revenues</b>		
Ad Valorem Taxes	\$	528,378
State Revenue Sharing		17,398
Interest Income		25,744
Gate Fees		19,260
Park Rental Fees		12,017
Concession Stand Sales		25,179
Total Revenues		627,976
<b>Expenditures</b>		
Parks and Recreations:		
Salaries		62,000
Payroll Taxes		1,842
Retirement		5,750
Employee Benefits- Health Insurance		13,180
Auditing		16,000
Accounting		21,108
Legal		9,819
Insurance		4,357
Contract Labor		113,696
Concession Stand Supplies		14,103
Supplies		19,386
Office Expense		2,046
Miscellaneous		505
Official Journal		610
Per Diem - Board		1,250
Repairs and Maintenance-Buildings		3,521
Repairs and Maintenance- Grounds		3,046
Rental- Storage Unit		2,351
Security		1,328
Telephone		900
Travel		783
Website Design		308
Umpires		4,600
Utilities		20,946
Pension Fund Mandate		19,970
Debt Service - Principal		90,000
Debt Service - Interest		158,681
Capital Outlay		12,489
Total Expenditures		604,575
<b>Net Change in Fund Balance</b>		23,401
Fund Balance - Beginning of the Year		1,099,244
Fund Balance - End of the Year	\$	1,122,645

The accompanying notes are an integral part of this statement.

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

Statement F

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

For the Year Ended December 31, 2023

<b>Net Change in Fund Balance - Total Governmental Funds (Statement E)</b>	\$	23,401
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Amounts reported for governmental activities in the statement of activities are different because:

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

Capital outlay	12,489	
Less: Current Year Depreciation	(81,944)	(69,455)

Revenue in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds

Contributions from non-contributing entity. GASB 68	159
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Some expenses reported in the statement of activities do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds. These differences consist of:

Pension expenses for GASB 68	4,633
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The issuance of long-term debt provides current financial resources to the governmental funds, but issuing debt increases long term liabilities in the statement of net position. Repayment of the principal of long term debt consumes the current financial resources of the governmental fund, but the repayment reduces long term liabilities in the statement on net position. Neither transaction, however, has any effect on net position.

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

In the statement of activities, interest is accrued on outstanding debt, whereas in governmental funds, an interest expenditure is reported when due.	675
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Deferred outflow of resources related to the advance refunding of debt is being amortized (and recorded to interest expense).	(21,970)
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Bond premiums are being amortized (and recorded to interest expense)	1,475
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<b>Change in Net Position of Governmental Activities (Statement B)</b>	\$	<u>28,918</u>
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The accompanying notes are an integral part of this statement.

**NOTES TO THE FINANCIAL STATEMENTS**

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

**NOTES TO THE FINANCIAL STATEMENTS**  
As of and for the Year Ended December 31, 2023

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

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

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

**1. Summary of Significant Accounting Policies**

A. Basis of Presentation

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

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

B. Financial Reporting Entity

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

The accompanying financial statements present information only on the funds maintained by the District and do not present information on the parish government, the general governmental services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

C. Fund Accounting

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

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

Notes to the Financial Statements  
As of and for the Year Ended December 31, 2023

*Governmental funds*

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

D. Measurement Focus / Basis of Accounting

*Basic Financial Statements – Government-Wide Financial Statements*

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

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

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

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

The District had deferred outflows of resources at December 31, 2023, in the amount of \$510,816 reported in governmental activities Statement of Net Position related to the advance refunding of debt in 2017 (See Note 1J and Notes 7 and 9 for further discussion on the refunding).

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

Notes to the Financial Statements

As of and for the Year Ended December 31, 2023

The District implemented policies established under GASB Statement No.87, *Leases*. The objective of this Statement is to better meet the information needs of the financial statement users by improving accounting and financial reporting for leases by governments. The Statement requires all leases (contracts that conveys control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange-like transaction) to be reported under a single accounting model for both lessors and lessees. Certain leases that were previously classified as operating leases are to be recognized as lease assets and liabilities. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

During the year, the District implemented policies established under GASB Statement No. 96, *Subscription Based Information Technology Agreements (SBITAs)*. This statement provides guidance on the accounting and financial reporting for SBITAs for government end users. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including the implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The adoption of this statement did not materially impact the District's governmental activity for the year ended December 31, 2023.

*Basic Financial Statements - Governmental Funds*

The amounts reflected in the General Fund, are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of the District's operations.

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

Revenues - Property taxes, state revenue sharing, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

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

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

E. Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, interest bearing demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Under state law, the District may deposit funds in demand deposits, interest bearing demand deposits,



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money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

In accordance with state law, the District limits investments to those allowed under R.S. 33:2955. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. The District had no investments at December 31, 2023.

F. Receivables and Leased Asset Receivables

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

Leased asset receivables are a result of leases in which the District has entered into a contract with a lessee that delivers the right to use a nonfinancial asset of the District as specified by the contract for a period of time in an exchange or exchange-like transaction. Such receivables are reported on the government-wide financial statements at present value of the lease payments to be received during the lease term. Additionally, the District would recognize a deferred inflow of resources that is reported at the value of the lease receivable plus any payments received at or before the commencement of the lease for future periods. Assets of agreement entered into in which the District is the lessor are retained as capital assets of the District and are reported in the government-wide financial statements as described in the first paragraph of Note I. The District has not entered into any agreements delivering control of a right to use a nonfinancial asset to a lessee as described above as of December 31, 2023.

G. Restricted Assets

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

H. Inventory

The District utilizes the "purchase method" of accounting for supplies, whereby expendable operating supplies are recognized as expenditures when purchased. The District had no inventory at December 31, 2023.

I. Capital Assets

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

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

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

Right of use assets are a result of leases in which the District has entered into a contract with a lessor that conveys control of the right to use the lessor's nonfinancial asset as specified by the contract for a period of time in an exchange or exchange-like transaction. Such assets are reported on the government-wide financial statements net of amortization. Right of use assets are amortized at the lessor of the useful life or lease term. The District has not entered into any agreements gaining control of the right to use a lessor's nonfinancial assets as described above as of December 31, 2023.

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A subscription-based information technology arrangement (SBITA) results from a contract that conveys control of the right-to-use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange like transaction. Such assets are recognized on the government – wide financial statements as a right-of-use SBITA, net of amortization. A corresponding subscription liability should be recognized on the government-wide financial statements at the present value of the subscription payments expected to be made during the subscription term. The District has not entered into any agreements gaining control of the right-to-use SBITA assets as described above at December 31, 2023.

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

J. Long-Term Obligations

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

The District has implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, and with the implementation of GASB 65, the recognition of bond-related costs, including the costs related to issuance and refunding of debt, were revised. This standard was intended to complement GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are now expensed in the period incurred under GASB 65. The District incurred and expensed \$48,597 in bond issuance costs associated with the issuance of Limited Tax Revenue and Refunding Bonds, Series 2017 in the year ending December 31, 2017. See further discussion on the bond issuance in *Note 7 - Long Term Obligations and Note 9 - Dedication of Proceeds and Flow Funds*.

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

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

For the year ending December 31, 2017, the District issued \$3,970,000 in Limited Tax Revenue and Refunding Bonds, Series 2017 for the purpose of refunding the District's outstanding bonds, funding a reserve fund, and paying the costs of issuance of the bonds. The District reported \$510,816 in deferred outflows of resources at December 31, 2023, related to the difference between the reacquisition price and the net carrying amount of the old debt for advance refunding resulting in defeasance of debt during the year ending December 31, 2017, less amortization of such amount. See further discussion on the refunding of bonds in *Note 7 - Long Term Obligations and Note 9 - Dedication of Proceeds and Flow of Funds*.

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K. Net Position

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

1. Net Investment in Capital Assets Component of Net Position - The *net investment in capital assets* component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount should not be included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflows of resources should be included in the same net position component (restricted or unrestricted) as the unspent amount.
2. Restricted - this component of net position consists of noncapital assets that have constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation reduced by related liabilities and deferred inflow of resources.
3. Unrestricted - all other net position is reported in this category.

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

The District has restricted Net Position related to bond restrictions.

L. Fund Balance

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

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

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

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

The District has Restricted Fund Balance due to bond restrictions.

3. Committed Fund Balance - amounts that can be used only for the specific purposes determined by a formal action of the Board of Commissioners (the District's highest level of decision-making authority).

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

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

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

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

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

M. Estimates

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

N. Ad Valorem Taxes

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

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

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

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

Budgetary Information

The District uses the following budget practice:

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

The budget for the fiscal year ended December 31, 2023, was originally adopted on December 13, 2022.

The budget was amended once during the year. The final amended budget was adopted on November 14, 2023.

**3. DEPOSITS AND INVESTMENTS**

Cash and cash equivalents and investments as of December 31, 2023, are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and cash equivalents	\$ 331,733
Restricted cash and cash equivalents	290,862
Total cash and cash equivalents and investments	<u>\$ 622,595</u>

Deposits and investments as of December 31, 2023, consist of the following:

Interest-bearing deposits	\$ 622,295
Total deposits and investments	<u>\$ 622,295</u>

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These deposits are stated at cost, which approximates market value. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Custodial credit risk as it relates to cash deposit is the risk that in the event of bank failure, the government's deposits may not be returned. The District does not have a formal policy for custodial credit risk. At December 31, 2023, the District had \$631,096 in deposits (collected bank balances). Of these deposits, \$290,862 are related to the issuance and related construction costs of the District's Limited Tax Bonds. Under the terms of the agreement with Hancock Whitney Bank, the bank maintains control of the funds and disburses funds in accordance with bond documents and at the District's request. These funds are secured by the Trust Department of Hancock Whitney Bank. Of the remaining deposits of \$340,234, \$250,000 is secured from risk by federal deposit insurance and the remaining \$90,233 is uninsured but collateralized with securities held by the custodial bank in the name of the fiscal agent bank.

**4. Receivables**

Receivables are all current and represent revenues earned in 2023 and to be received in 2024 as follows:

	<u>Total</u>
Tangipahoa Parish Sheriff:	
Ad Valorem Taxes	\$ 522,339
State Revenue Sharing	17,397
Less: Allowance for Uncollectible	(10,000)
Accounts Receivable, Net	<u>\$ 529,736</u>

**5. Capital Assets**

The following is a summary of changes in capital assets for the year ended December 31, 2023:

<u>Governmental Activities</u>	<u>Balance</u> <u>01/01/23</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/23</u>
Capital assets not depreciated:				
Land and land improvements	\$ 564,552	\$ -	\$ -	\$ 564,552
Total capital assets, not depreciated	<u>564,552</u>	<u>-</u>	<u>-</u>	<u>564,552</u>
Capital assets, being depreciated:				
Buildings	249,065	1,799	-	250,864
Park	2,595,001	8,950	-	2,603,951
Equipment	47,728	-	-	47,728
Office Equipment	833	1,740	-	2,573
Total capital assets, being depreciated	<u>2,892,627</u>	<u>12,489</u>	<u>-</u>	<u>2,905,116</u>
Less: Accumulated depreciation:				
Buildings	10,239	7,444	-	17,683
Park	86,435	65,983	-	152,418
Equipment	6,272	8,430	-	14,702
Office Equipment	832	87	--	919
Total accumulated depreciation	<u>103,778</u>	<u>81,944</u>	<u>-</u>	<u>185,722</u>
Total capital assets, being depreciated, net	<u>2,788,849</u>	<u>(69,455)</u>	<u>-</u>	<u>2,719,394</u>
Governmental activities capital assets, net	<u>\$ 3,353,401</u>	<u>\$ (69,455)</u>	<u>\$ -</u>	<u>\$ 3,283,946</u>

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Depreciation was charged to governmental functions as follows:

Parks and Recreation                      \$ 81,944

**6. PENSION PLAN**

Part-time employees of the District are members of the social security system. In addition to employee payroll deductions, the District funds are remitted to match the employee contributions. Aggregate contributions to the social security system for the year ended December 31, 2023, were \$744 which \$372 was contributed by the District.

**A. PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA.**

*Plan Description.* All full-time employees of the District are members of the Parochial Employees' Retirement System of Louisiana (System), a multi-employer (cost-sharing), public employee retirement system (PERS), controlled and administered by a separate board of trustees. The System is composed of two (2) distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the District are members of Plan A. The District enrolled in the system in 2022.

All permanent employees working at least 28 hours per week who are paid wholly or in part from the District funds and all elected parish officials are eligible to participate in the System. New employees meeting the age and social security criteria have up to ninety (90) days from their date of hire to elect to participate. Under Plan A the eligibility provisions are as follows:

<u>Hired Prior to January 1, 2007</u>	<u>Hired January 1, 2007, and Later</u>
7 years and age 65	7 years and age 67
10 years and age 60	10 years and age 62
25 years and age 55	30 years and age 55
30 years and any age	

The retirement allowance is equal to three percent of the member's final average compensation multiplied by his years of creditable service. Final average compensation shall be defined as the average of the highest consecutive 36 months salary for members hired prior to January 1, 2007. For members hired January 1, 2007, and later, final average compensation shall be defined as the average of the highest consecutive 60 months salary.

Any employee who was a member of the supplemental plan only prior to the revision date (January 1, 1980) has the benefit earned for service credited prior to the revision date on the basis of one percent of final compensation plus two dollars per month for each year credited prior to the revision date, and three percent of final compensation plus two dollars per month for each year credited after the revision date. The retirement allowance may not exceed the greater of one hundred percent of a member's final salary or the final average compensation.

Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

Employers shall pay the actuarial cost of leave conversion at the time of retirement for those members enrolled January 1, 2007, and later. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employee's Retirement System, Post Office Box 14619, Baton Rouge, Louisiana 70898-4619 or by calling (225) 928-1361.

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*Funding Policy.* Under Plan A, members are required by state statute to contribute 9.5 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The rate for 2023 is 11.50 percent of the annual covered payroll. Contributions to the System also include one-fourth of one percent of the taxes shown to be collectible by the tax rolls of each parish (except Orleans and East Baton Rouge Parishes). These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the District are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation of the prior fiscal year. The District's contributions to the system under Plan A for the year ending December 31, 2023 were \$5,750 equal to the required contribution for each year.

**Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions**

At December 31, 2023, the District reported a liability of \$6,547 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2022 and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability (asset) was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating, governmental entities actuarially determined. At December 31, 2023, the District's proportion was .001701 percent.

For the year ended December 31, 2023, the District recognized a pension benefit of \$4,633. At December 31, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ 7,153	\$ 721
Changes of assumptions	209	-
Net difference between projections and actual earnings on pension plan investments	-	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	1,052
District contributions subsequent to the measurement date	5,750	-
Total	\$ 13,112	\$ 1,773

\$5,750 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2023.

Other amounts reported a deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2023	\$ (133)
2024	767
2025	1,856
2026	3,099
Thereafter	-

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*Actuarial assumptions.* The total pension liability (asset) in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	December 31, 2022
Actuarial cost method	Entry Age Normal
Investment rate of return	6.40%, (net of investment expense, including inflation)
Projected salary increase	4.75%
Inflation rate	2.30%
Mortality rates	Pub-2010 Public Retirement Plans Mortality Table for Healthy Retirees multiplied by 130% for males and 125% for females using the MP2018 scale for annuitant and beneficiary mortality. Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females using MP 2018 scale for disabled annuitants.
Expected remaining service lives	4 years
Cost of living adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

The actuarial assumptions used in the December 31, 2022, valuation (excluding Mortality) was based on actuarial funding valuation and results of an actuarial experience study for the period January 1, 2013, to December 31, 2017, unless otherwise specified.

The long-term expected rate of return on pension plan investments was determined using a triangulation method in which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.10% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.70% for the year ended December 31, 2022.



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Best estimates of arithmetic real rates of return for each major asset class included on the System's target asset allocation as of December 31, 2022, are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Portfolio Real Rate of Return</u>
Fixed Income	33%	1.17%
Equity	51%	3.58%
Alternatives	14%	.73%
Real Assets	2%	.12%
Total	100%	5.60%
Inflation		2.10%
Expected Arithmetic Nominal Return		7.70%

*Discount Rate* The discount rate used to measure the total pension liability(asset) was 6.4% for Plan A. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the system's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability periods.

The following presents the net pension liability (asset) of Plan A calculated using the discount rate of 6.40%, as well as what the system's net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (5.40%) or one percentage point higher (7.40%) than the current rate (assuming all other assumptions remain unchanged):

	<u>1% Decrease (5.40%)</u>	<u>Current Discount Rate (6.40%)</u>	<u>1% Increase (7.40%)</u>
Net Pension Liability/(Asset)	\$ 16,190	\$6,547	\$(1,538)

## 7. Long -Term Obligations

A. The following is a summary of changes in long-term obligations for the year ended December 31, 2023

<u>Governmental Activities:</u>	<u>Balance 1/1/23</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/23</u>	<u>Due Within One Year</u>
Series 2017: Limited Tax and Refunding Bonds	\$ 3,540,000	\$ -	\$ 90,000	\$ 3,450,000	\$ 95,000
Debt Issuance Premium	35,754	-	1,475	34,279	1,475
	<u>\$ 3,575,754</u>	<u>\$ -</u>	<u>\$ 91,475</u>	<u>\$ 3,484,279</u>	<u>\$ 96,475</u>

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**B. Bonds:**

\$3,970,000 Limited Tax and Refunding bonds (Recreation District No.3 of Tangipahoa Parish Project), Series 2017 dated March 29, 2017, due in semi-annual installments of interest and maturing annually in amounts ranging from \$95,000 - \$235,000 through April 1, 2046; with interest between 2% and 5%.

\$3,450,000

**C. Debt Service Requirements to Maturity**

The annual requirements to amortize the Limited Tax and Refunding Bonds debt outstanding as of December 31, 2023, including interest, are as follows:

	BONDS		
	Principal	Interest	Total
2024	95,000	150,906	245,906
2025	100,000	147,881	247,881
2026	100,000	144,681	244,681
2027	105,000	141,244	246,244
2028	110,000	137,481	247,481
2029-2033	600,000	619,781	1,219,781
2034-2038	735,000	480,956	1,215,956
2039-2043	930,000	288,197	1,218,197
2044-2046	675,000	51,625	726,625
TOTAL	\$ 3,450,000	\$ 2,162,752	\$ 5,612,752

Interest expense of \$158,681 in the general fund for the year consisted of \$158,681 paid on the 2017 bonds. Additionally, interest expense for governmental activities of \$178,501 includes a \$675 change in accrued interest on the 2017 bonds, \$21,970 amortization of deferred outflow, and \$1,475 of amortization of premium.

**8. Ad Valorem Taxes**

For the year ended December 31, 2023, taxes were levied on property with taxable assessed valuations totaling \$35,599,707.

Total taxes levied were \$531,148. At December 31, 2023, the ad valorem tax receivable was \$522,339. The ad valorem taxes receivable at December 31, 2023, is recorded net of a \$10,000 allowance for uncollectible taxes.

**9. Dedication of Proceeds and Flow of Funds**

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

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

On March 29, 2017, the District issued \$3,970,000 in Limited Tax and refunding Bonds, Series 2017 (\$2,785,000 new money bonds (limited tax revenue) and \$1,185,000 refunding bonds), at a premium of \$44,235 for the purpose

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Notes to the Financial Statements  
As of and for the Year Ended December 31, 2023

of refunding the Series 2016 outstanding bonds, funding a reserve fund, and paying the costs of issuance of the bonds. The bonds issued with premium included \$1,189,676 in refunding bonds and premium and \$2,842,559 in new money bonds (limited tax revenue bonds) and premium. \$1,096,407.50 of the total Series 2017 bond proceeds plus \$10,107,266.06 of reserve and construction funds of the Series 2016 bonds were used to purchase US government securities. These securities were deposited in an irrevocable trust with an escrow agent to provide for the 2017 to 2046 debt service payments on the Series 2016 bonds. These bonds maturing April 1, 2027, and thereafter will be called for redemption on April 1, 2026 at a price equal to the principal amount thereof plus accrued interest from the most recent interest payment date to which interest has been paid or duly called for. As a result, the \$9,405,000 outstanding 2016 Series bonds were considered in-substance defeased and the liability for those bonds was removed from the District's books at December 31, 2017. The District reported \$659,114 in deferred outflows of resources related to the difference between the reacquisition price and the net carrying amount of the old debt for current and advance refunding resulting in defeasance of debt. At December 31, 2023, the District had \$510,816 of unamortized deferred outflow of resources.

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

**10. Litigation**

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

**11. Commitments**

As of December 31, 2023, the District has no commitments.

**12. Tax Abatements**

The Louisiana Industrial Ad Valorem Tax Exemption Program (ITEP) is an original state incentive program which offers attractive tax incentive for manufacturers within the state. The program abates, for up to ten years, local property taxes (ad valorem) on a manufacturer's new investment and annual capitalized additions related to the manufacturing site. The exemption is granted per contract with the Louisiana Department of Economic Development and will specify the buildings and / or personal property items covered by the exemption. There are currently twenty-five tax abatements in Tangipahoa Parish, related to twelve companies, under the Louisiana ITEP. For the 2023 calendar year, there were no tax abatements due to the District.

**13. Subsequent events**

Subsequent events have been evaluated by management through June 17, 2024, the date the financial statements were available for issuance. No other events were noted requiring recording or additional disclosure in the financial statements for the year ending December 31, 2023.

**REQUIRED SUPPLEMENTARY INFORMATION**  
**(Part II)**

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

Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget (GAAP Basis) and Actual  
Governmental Fund Type-General Fund  
For the Year Ended December 31, 2023

Revenues	Original Budget	Amended Final Budget	Actual Amounts GAAP Basis	Variance with Final Budget Favorable (Unfavorable)
Ad Valorem Taxes	\$ 460,000	490,000	\$ 528,378	\$ 38,378
State Revenue Sharing	18,000	18,000	17,398	(602)
Interest and Investment Earnings	500	21,500	25,744	4,244
Gate Fees	-	19,260	19,260	-
Rental Fees	25,000	12,017	12,017	-
Concession Sales	30,000	25,179	25,179	-
Total Revenues	<u>533,500</u>	<u>585,956</u>	<u>627,976</u>	<u>42,020</u>
<b>Expenditures</b>				
Parks and Recreations:				
Salaries	62,000	62,000	62,000	-
Payroll Taxes	1,643	2,000	1,842	158
Retirement	5,750	5,750	5,750	-
Employee Benefits- Health Insurance	6,600	13,200	13,180	20
Workers Compensation Insurance	620	620	-	620
Auditing	14,000	16,000	16,000	-
Accounting	18,000	19,000	21,108	(2,108)
Legal	15,000	12,000	9,819	2,181
Insurance	4,000	4,500	4,357	143
Contract Labor- Help with Tournaments	5,000	5,500	4,843	657
Contract Labor- Maintenance Man & CPS	80,800	108,000	108,853	(853)
Concession stand supplies	10,000	15,500	14,103	1,397
Supplies	15,000	21,000	19,386	1,614
Repairs & Maintenance- Buildings	5,000	3,000	3,521	(521)
Repairs & Maintenance-Grounds	10,000	4,000	3,046	954
Office Expense	1,500	1,500	2,046	(546)
Miscellaneous	500	500	505	(5)
Official Journal	1,500	600	610	(10)
Per Diem- Board	1,500	1,500	1,250	250
Pental - Storage Unit	-	1,500	2,351	(851)
Postage	200	-	-	-
Security	3,500	700	1,328	(628)
Bank Service Charges	200	-	-	-
Telephone	1,200	900	900	-
Travel	1,200	900	783	117
Website Design	-	325	308	17
Umpires	-	5,000	4,600	400
Utilities	15,300	18,000	20,946	(2,946)
Pension Fund Mandate	19,000	19,000	19,970	(970)
Debt Service-Principal	90,000	90,000	90,000	-
Debt Service-Interest	160,000	160,000	158,681	1,319
Capital Outlay	15,000	30,000	12,489	17,511
Total Expenditures	<u>564,013</u>	<u>622,495</u>	<u>604,575</u>	<u>17,920</u>
<b>Net Change in Fund Balance</b>	(30,513)	(36,539)	23,401	59,940
Fund Balance at Beginning of Year	<u>1,034,872</u>	<u>1,099,244</u>	<u>1,099,244</u>	<u>64,372</u>
Fund Balance at End of Year	<u>\$ 1,004,359</u>	<u>\$ 1,062,705</u>	<u>\$ 1,122,645</u>	<u>\$ 124,312</u>

See Independent Auditor's Report

Recreation District #3  
 (A Component Unit of the Tangipahoa Parish Government)  
 Amite, Louisiana

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)  
PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA  
For the Year Ended December 31, 2023

	<u>District's proportion of net pension liability (asset)</u>	<u>District's proportionate share of the net pension liability (asset)</u>	<u>District's covered- employee payroll</u>	<u>District's proportionate share of the net pension liability (asset) as a percentage of its covered- employee payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability (asset)</u>
2023	.001701%	\$6,547	\$50,000	13.094%	91.74%

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

Data reported measured as of December 31, 2022 (measurement date)

Recreation District #3  
 (A Component Unit of the Tangipahoa Parish Government)  
 Amite, Louisiana

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS  
PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA  
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Contractually required contribution</u>	<u>Contributions in relation to the contractually required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>District's covered- employee payroll</u>	<u>Contributions as a percentage of covered- employee payroll</u>
2023	\$5,750	\$5,750	-	\$50,000	11.50%

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**OTHER SUPPLEMENTARY INFORMATION**



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

SCHEDULE OF COMPENSATION, REIMBURSEMENTS, BENEFITS,  
AND OTHER PAYMENTS TO AGENCY HEAD  
For the Year Ended December 31, 2023

**Agency Head:** John Smith, Chairman of the Board

Compensation paid as commissioner per diem for the year ended December 31, 2023

John Smith	<u>\$250</u>
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Recreation District No. 3 of Tangipahoa Parish  
 (A Component Unit of the Tangipahoa parish Government)  
SCHEDULE OF COMPENSATION PAID TO BOARD MEMBERS

For the year ended December 31, 2023

	<u>Term</u>	<u>Term Expires</u>	<u>Compensation Paid</u>
Gerald Giardina 228 S. First St. Amite, LA 70422 985-507-7070	2	April 2025	\$275
Wayne Johnson P.O. Box 1229 Amite, LA 70422 985-662-4148	2	April 2025	200
John Smith 60244 Isreal Cutrer Rd. Amite, LA 70422 985-517-1397	2	April 2026	250
Brian "B.T." Callihan 611 Suzanne Drive Amite, LA 70422 985-517-9917	1	April 2027	275
Matthew Bridges 605 Hardy Street Amite, LA 70422 985-514-6882	filling an unexpired term	April 2024	250
			\$ 1,250

**OTHER INDEPENDENT AUDITOR'S REPORTS AND  
FINDINGS, RECOMMENDATIONS, AND RESPONSES**

CHARLES P. HEBERT, CPA

CHRISTOPHER S. JOHNSON, CPA, MBA

ADAM C. HEBERT, CPA

MEMBER

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Society of Louisiana Certified Public Accountants



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A PROFESSIONAL ACCOUNTING CORPORATION

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

To the Board of Directors of  
Tangipahoa Parish Recreation District No. 3  
Amite, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the general fund of Tangipahoa Parish Recreation District No. 3, a component unit of the Tangipahoa Parish Government, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Tangipahoa Parish Recreation District No. 3's basic financial statements and have issued our report thereon dated June 17, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Tangipahoa Parish Recreation District No. 3's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Tangipahoa Parish Recreation District No. 3's internal control. Accordingly, we do not express an opinion on the effectiveness of Tangipahoa Parish Recreation District No. 3's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule

of current year audit findings, recommendations and responses as item 2023-01 that we consider to be a material weakness.

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

As part of obtaining reasonable assurance about whether Tangipahoa Parish Recreation District No. 3's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our 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 current year audit findings, recommendations and responses as items 2023-02 through 2023-03.

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

*Government Auditing Standards* requires the auditor to perform limited procedures on Tangipahoa Parish Recreation District No. 3's response to the findings identified in our audit and described in the accompanying schedule of current year audit findings, recommendations, and responses. Tangipahoa Parish Recreation District No. 3's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose; however, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Chris Johnson*

Hebert Johnson & Associates, Inc.  
A Professional Accounting Corporation  
Ponchatoula, Louisiana  
June 17, 2024

**Tangipahoa Parish Recreation District No. 3  
Amite, Louisiana**

**Schedule of Current Year Audit Findings, Recommendations and Responses  
For the Year Ended December 31, 2023**

We have audited the basic financial statements of the Tangipahoa Parish Recreation District No. 3 as of and for the year ended December 31, 2023, and have issued our report thereon dated June 17, 2024. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2023 resulted in an unmodified opinion.

**Section I - Summary of Auditor's Reports**

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

Internal Control

Material Weakness, Yes                      Significant Deficiencies, No

Compliance

Compliance Material to Financial Statements, Yes

b. Federal Awards

Not Applicable

Was a management letter issued? No

**Internal Control**

**2023-01 Debit Card Procedures**

**Criteria:**

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

**Condition:**

The Park Director maintains control of a debit card and is authorized to make purchases for the District. The Park Director cannot spend more than \$2,500 a month with the debit card. No purchase order or other type of pre-approval is required before purchases can be made on the debit card.

Debit card receipts are sent to the outside CPA on a regular basis for coding into the accounting software.

**Tangipahoa Parish Recreation District No. 3  
Amite, Louisiana**

**Schedule of Current Year Audit Findings, Recommendations and Responses  
For the Year Ended December 31, 2023**

Board members are not reviewing the documentation for each charge. Board members are only made aware of each charge at the end of each month when financial statements are presented to the Board.

**Cause:**

The District has not implemented strong internal controls over the use of debit cards.

**Effect:**

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

**Recommendation:**

We recommend the following to the District:

- Discontinue the use of a debit card until strong internal controls have been implemented.
- All itemized debit card receipts should list the business purpose of the purchase. Receipts should be attached to the bank statement, and turned in to a board member. Board members should initial the bank statement showing proof of their review.

**Management's Response:**

At this time, the District is discontinuing the use of the debit card. Responsible Party, Brian Callihan - Board President.

**Compliance**

**2023-02 Violation of Local Government Budget Act**

**Criteria:**

According to the Louisiana Local Budget Act, RS 39:1307(B), "Upon completion of the proposed budget and, if applicable, its submission to the governing authority, the political subdivision shall cause to be published a notice stating that the proposed budget is available for public inspection. The notice shall also state that a public hearing on the proposed budget shall be held with the date, time, and place of the hearing specified in the notice. The notice shall be published at least ten days prior to the date of the first public hearing. Where applicable, publication shall be in the official journal of the political subdivision.

**Condition:**

The District published the notice that the budget is available for public inspection and the date of the public hearing in the official journal on December 8, 2022. The date of the public hearing was on December 13, 2022. The notice was not published at least 10 days prior to the public hearing.

**Cause:**

This was an oversight by the District

**Effect:**

The District is in violation of the Louisiana Local Government Budget Act.

**Tangipahoa Parish Recreation District No. 3  
Amite, Louisiana**

**Schedule of Current Year Audit Findings, Recommendations and Responses  
For the Year Ended December 31, 2023**

**Recommendation:**

We recommend the District to publish the notice of the date of the public hearing at least 10 days prior to the public hearing.

**Management's Response:**

Management agrees with the recommendation. Responsible Party, Brian Callihan - Board President.

**2023-03 Workers Compensation Insurance**

**Criteria:**

According to the RS 23:1032.1, employers in Louisiana are required to maintain workers' compensation insurance.

**Condition:**

As of December 31, 2023, the District did not have workers' compensation insurance.

**Cause:**

This was an oversight by the District.

**Effect:**

The District is in violation of the workers' compensation law.

**Recommendation:**

We recommend the District contact its insurance company and discuss the need of workers' compensation insurance.

**Management's Response:**

The District has reached out to its insurance company and has purchased a workers' compensation insurance policy. Responsible Party, Brian Callihan - Board President.



**Tangipahoa Parish Recreation District No. 3  
Amite, Louisiana**

**Schedule of Prior Year Findings  
For the Year Ended December 31, 2023**

**2022-001 — Debit Card Procedures**

**Condition:**

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

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

**Recommendation:**

We recommend the District immediately implement the following procedures:

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

**Resolved:**

Partially, See Finding 2023-01

**2022-002 — Cash Collections**

**Condition:**

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

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

**Tangipahoa Parish Recreation District No. 3**  
**Amite, Louisiana**

**Schedule of Prior Year Findings**  
**For the Year Ended December 31, 2023**

- Supporting documentation on each daily deposit is not being provided to the Board Secretary or outside CPA. The only information given to the Board Secretary or outside CPA regarding deposits of cash was either a deposit receipt or sighting the deposit on the monthly bank statement.

**Recommendation:**

We recommend the District immediately implement the following procedures:

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

**Resolved:**

Fully: The District discontinued the collection of cash for concession sales and gate fees.

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

**Condition:**

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

**Recommendation:**

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

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

**Resolved:**

Fully

**TANGIPAHOA PARISH RECREATION DISTRICT NO. 3  
AMITE, LOUISIANA**

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**STATEWIDE AGREED-UPON PROCEDURES REPORT**

Fiscal Period January 1, 2023 through December 31, 2023



**Hebert Johnson  
& Associates, Inc.**  
Certified Public Accountants

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*A Professional Accounting Corporation*

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CHRISTOPHER S. JOHNSON, CPA, MBA

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A PROFESSIONAL ACCOUNTING CORPORATION

INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES  
FOR THE YEAR ENDED DECEMBER 31, 2023

To the Board Members of  
Tangipahoa Parish Recreation District No. 3  
and 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, 2023 through December 31, 2023. Tangipahoa Parish Recreation District No. 3's management is responsible for those C/C areas identified in the SAUPs.

Tangipahoa Parish Recreation District No. 3 has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2023 through December 31, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) *Written Policies and Procedures*

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
  - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
  - 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.

- c) **Disbursements**, including processing, reviewing, and approving.
- 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).
- 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.
- 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.
- g) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- h) **Credit Cards (and debit cards, fuel cards, purchase 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).
- 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.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) 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.
- 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 not have a policy in place for the use of debit cards.*

*Management's Response:*

*The District will be working on policies and procedures for the use of debit cards.*

## **2) Board or Finance Committee**

---

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and
  - i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
  - ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons, at a minimum, on all proprietary funds, and semi-annual budget-to-actual comparisons, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
  - iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
  - iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

*Exception:*

*There is no reference of a listing in the minutes on whether board members received updates on whether findings have been resolved.*

*Management:*

*The District will have the secretary provide the board of directors on the status of findings.*

## **3) 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:

- i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
- ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated or electronically logged); and
- iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

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

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

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- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that
  - i. Employees responsible for cash collections do not share cash drawers/registers;
  - ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
  - iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and
  - iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or custodial fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.

- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.
- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and
  - i. Observe that receipts are sequentially pre-numbered.
  - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - iii. Trace the deposit slip total to the actual deposit per the bank statement.
  - iv. Observe that 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).
  - v. Trace the actual deposit per the bank statement to the general ledger.

*Exceptions:*

*Out of the 2 deposits selected, the District did not have supporting documentation for the deposited amounts so we could not determine if it was made within one business day. The deposited amounts were for concession sales which the District no longer operates. The District did not have copies of the deposit slips.*

*Management's Response:*

*The secretary will begin making copies of the deposit slips before going to the bank. The District has discontinued operations of the concession stand.*

**5) *Non-Payroll Disbursements (excluding card purchases, 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).
- 9. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that



- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
- ii. At least two employees are involved in processing and approving payments to vendors;
- iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;
- iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
- v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

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

*Exception:*

*Out of the five transactions selected, two of the transactions were missing supporting documentation. Three of the transactions selected did not show proof of review.*

*Management's Response:*

*This appears to be an oversight.*

**6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)**

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- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and
  - 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
  - b) Observe that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under procedure #7B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

*Exception:*

*The District has one debit card. Out of the 10 transactions selected from the debit card, one transaction did not have an itemized receipt. None of the transactions listed the public purpose. None of the receipts showed proof of review by a board member.*

*Management's Response:*

*The District will develop a debit card policy to address this issue.*

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

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected
- i. If reimbursed using a per diem, observe that 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));
  - ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
  - iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and
  - iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

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

## **8) Contracts**

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and
- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;
  - ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
  - iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and
  - iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe

that the invoice and related payment agreed to the terms and conditions of the contract.

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

### **9) Payroll and Personnel**

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- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
  - i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
  - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
  - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
  - iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.
- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

*Exception:*

*One of the employee's time sheets did not include a board member's signature.*

*Management's Response:*

*This was an oversight.*

## **10) Ethics**

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- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
  - a. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
  - b. 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.
- 23. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

*Exception:*

*Out of the five individuals selected, one of the employees did not have their ethics certificate.*

*Management's Response:*

*This was an oversight.*

## **11) Debt Service**

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- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

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

## **12) Fraud Notice**

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- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

- B. Observe that 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 were noted as a result of the above listed procedures.*

***13) Information Technology Disaster Recovery/Business Continuity***

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- A. Perform the following procedures, **verbally discuss the results with management, and report “We performed the procedure and discussed the results with management.”**
- i. Obtain and inspect the entity’s most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government’s local server or network, and (c) was encrypted.
  - ii. 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.
  - iii. Obtain a listing of the entity’s computers currently in use and their related locations, and management’s representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in Payroll and Personnel procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.
- C. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency’s information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:
- Hired before June 9, 2020 - completed the training; and
  - Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

*We performed the procedure and discussed the results with management.*

#### ***14) Prevention of Sexual Harassment***

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- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:
  - i. Number and percentage of public servants in the agency who have completed the training requirements;
  - ii. Number of sexual harassment complaints received by the agency;
  - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
  - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
  - v. Amount of time it took to resolve each complaint.

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

We were engaged by Tangipahoa Parish Recreation District No. 3 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 Tangipahoa Parish Recreation District No. 3 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.

*Chris Johnson*

Hebert Johnson & Associates, Inc.  
A Professional Accounting Corporation  
Albany, Louisiana  
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