

RECREATION DISTRICT NO. 3
OF LIVINGSTON PARISH

REPORT ON AUDIT OF
COMPONENT UNIT FINANCIAL STATEMENTS

DECEMBER 31, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Recreation District No. 3 of Livingston Parish
Denham Springs, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Recreation District No. 3 of Livingston Parish, State of Louisiana, “the District,” a component unit of the Livingston Parish Council, as of and for the year ended December 31, 2025, 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 accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Recreation District No. 3 of Livingston Parish, State of Louisiana as of December 31, 2025, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Report on Summarized Comparative Information

We have previously audited the District's December 31, 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 11, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information, schedule of proportionate share of the net pension liability, and the schedule of contributions on pages 4 through 11 and 45 through 47 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Respectfully submitted,

Hannis T. Bourgeois, LLP

Denham Springs, Louisiana
June 8, 2026

Recreation District No. 3
of Livingston Parish
Denham Springs, LA 70726
Management's Discussion and Analysis
December 31, 2025

The following discussion and analysis are prepared for the Recreation District No. 3 of Livingston Parish (PARDS). The discussion and analysis are an overview of the financial activities for the fiscal year ended December 31, 2025.

The purpose of the discussion and analysis is to provide the citizens of the recreation district a broad overview of the PARDS finances. The information provided should be read in conjunction with the detailed financial statements.

The Management's Discussion and Analysis (MD&A) is required by the Government Accounting Standards Board (GASB).

FINANCIAL HIGHLIGHTS

- * PARDS Net Position on December 31, 2025 was \$6,026,006.
- * The Net Position of the Governmental Activities for PARDS showed an increase of \$412,306.
- * The total governmental fund balance at year-end was \$3,712,260. In 2024, the total governmental fund balance was \$3,610,276. This reflects an actual increase of \$101,984 or a 2.82% increase in the total governmental fund balance.
- * At the end of 2025, the Unassigned General Fund Balance of \$3,685,779 represents 65.57% of the total General Fund Expenditures of \$5,620,720.
- * The 2025 Operation and Maintenance ad valorem tax revenue totaled \$3,197,164 in the general fund and represents an increase of \$86,687 or a 2.79% increase over the prior year ad valorem tax.
- * The debt service fund ad valorem tax revenues was \$4 for the 2025 year, due to the millage reduction regarding debt service and was paid off previously with debt service funds on hand.

Overview of Financial Statements

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

Government-wide financial statements are prepared in accordance with requirements of GASB Statement 34. It provides readers a concise "entity-wide" Statement of Net Position and Statement of Activities, seeking to give the user of the financial statements a broad overview of the PARDS financial position and results of operations in a manner similar to a private-sector business.

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

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

The government - wide financial statements can be found on pages 12 - 13 of this report.

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

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

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

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

The basic governmental fund financial statements can be found on pages 14 - 22 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23 - 44 of this report.

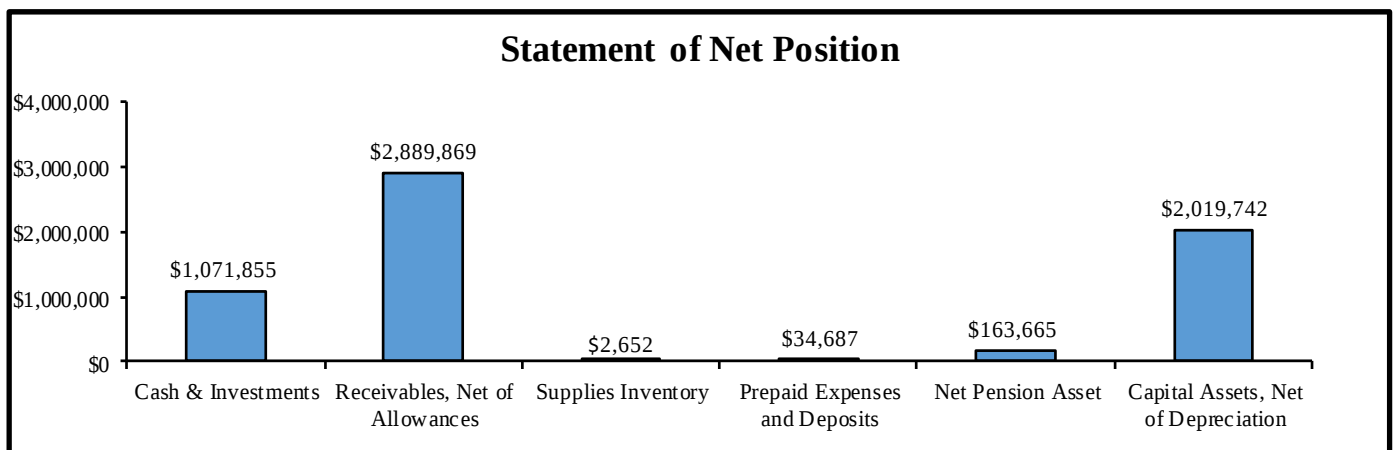
GOVERNMENT-WIDE FINANCIAL ANALYSIS

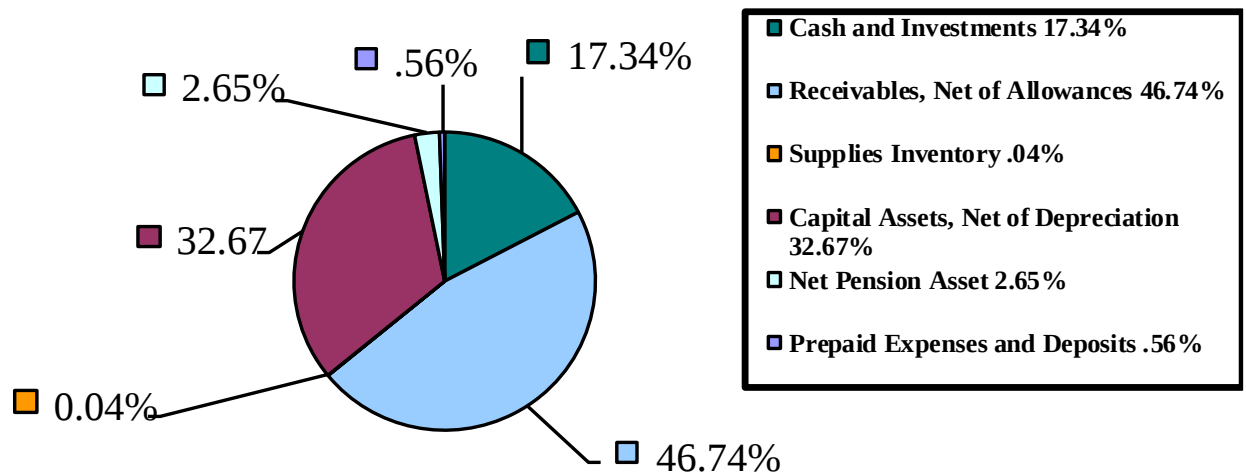
STATEMENT OF NET POSITION

The following is a schedule of PARDS' net position. Net position is calculated by taking the difference between the total assets and total liabilities. PARDS assets exceeded its liabilities at the close of 2025, by a total of \$6,026,006.

	2025	2024
Cash and Investments	\$ 1,071,855	\$ 1,013,697
Receivables, Net of Allowances	2,889,869	3,036,455
Supplies Inventory	2,652	2,808
Prepaid Expenses and Deposits	34,867	45,390
Capital Assets, Net of Depreciation	2,019,742	1,717,641
Net Pension Asset	163,665	-
Total Assets	6,182,650	5,815,991
Deferred Outflows-Pension related	243,261	499,304
Current Liabilities	259,296	452,954
Net Pension Liability	-	169,913
Total Liabilities	259,296	622,867
Deferred Inflows-Pension related	140,609	78,728
Net Position:		
Net Investment in Capital Assets	2,019,742	1,717,641
Restricted	16,669	16,665
Unrestricted	3,989,595	3,879,394
Total Net Position	\$ 6,026,006	\$ 5,613,700

The largest portion of the PARDS net position is reflected on the following graphs.





STATEMENT OF ACTIVITIES

PARDS provides recreational facilities, activities and programs for the area citizens. Included in this are both revenue and non-revenue producing activities. PARDS operates three parks within the system. Facilities include baseball/softball fields, track, golf driving range, playgrounds, pavilions, tennis courts, a horse riding arena, two community centers, fitness and aquatics center, water park, fishing pond, walking trails and two gyms. Property taxes, AQUA PARDS entry fees, rental fees and public based program fees provide most of the funding for the PARDS operation and maintenance.

Property taxes are the largest source of revenue for PARDS. PARDS collects taxes for operation and maintenance and a separate millage for debt retirement has been reduced to zero since the bonds were paid off in 2022. Other sources of revenue for PARDS include program registration fees, fitness and aquatics membership fees, water park admission fees, rental fees, concessions, and interest on investments.

In October 2025, the voters in Recreation District #3 passed a ten-year tax, which will secure ad valorem tax revenues through December 31, 2035 as the prior millage expired December 31, 2025. This tax must be renewed every ten years. This tax allows the District to collect 15 mills for the operation and maintenance of the park system. In 2025, the District collected 10.72 mills. These funds are placed into the general fund and used to pay for the operation and maintenance of the park system.

The millage rate for the sinking fund historically varied from year to year, but was paid off in 2022. The sinking fund millage rate was reduced in 2019 and set at zero mill for 2020. The original bond for 3 million dollars was passed in 1992 and was repaid April 1, 2022. There will be no sinking fund millage in the year ahead.

The reduction of the sinking fund millage meant the park's overall millage decreased from 17 mills in 2011, 16 mills in 2012 through 2014, 15.35 mills in 2015 through 2016, and 15.10 mills in 2017 through 2018. For 2019, 2020, 2021, and 2022 it was 15 mills. For 2023 it was 14.13 mills and for 2024, it was 10.72 mills. For 2025, it was 10.72 mills, which includes 10.72 mills (operations) and a zero mill rate for debt service since the debt has been paid in full.

Recreation District No. 3
of Livingston Parish

Changes In Net Position

	<u>2025</u>	<u>2024</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
Revenues:				
Program Revenues:				
Charges for Services	\$ 2,098,463	\$ 1,981,109	\$ 117,354	5.92%
Operating Grants and Contributions	371,994	122,647	249,347	203.30%
General Revenues:				
Property Taxes - General Purposes	3,197,164	3,110,477	86,687	2.79%
Property Taxes - Debt Service	4	47	(43)	(91.49)%
Interest and Investment Earnings	40,827	77,827	(37,000)	(47.54)%
Sponsorships	20,000	10,000	10,000	100.00%
Other	11,246	11,283	(37)	(0.33)%
Total Revenues	5,739,698	5,313,390	426,308	8.02%
Expenses:				
Personnel	2,559,103	2,428,481	130,622	5.38%
Program Expenses	401,147	338,037	63,110	18.67%
General Operations	2,367,142	2,218,686	148,456	6.69%
Total Expenses	5,327,392	4,985,204	342,188	6.86%
Changes in Net Position	<u>\$ 412,306</u>	<u>\$ 328,186</u>	<u>\$ 84,120</u>	25.63%

REVENUES

- The general fund property tax revenue increased \$86,644 from the previous year. Continued growth in the District was realized for 2025.
- The Debt Service fund property tax revenue is comparable as a result of voluntary reduction of millage to zero rate as the debt is retired (no further debt service taxes).
- There was a decrease of \$37,000 in the amount of interest on investments due to lower interest rates.
- Charges for services increased \$117,354 over the previous year which substantiates that participation in programs are improving from the previous year.
- Operating Grants and Contributions increased \$249,347 over the previous year due to revenue received from the state of Louisiana through Act 776 funds.

EXPENSES

- Total expenditures increased by \$342,188 which is 6.86% increase over the prior year, due mainly to increases in personnel expense and general operations expenses.

- Personnel expenses increased \$130,622 primarily due to salary increases \$58,970 and in the prior year there was a decrease of \$76,635 due to a decrease in pension expense. In the current year, there was no decrease in pension expense.
- Program expenses increased \$63,110 mainly due to increases in team sports expense due to increased participation on programs.
- General Operations expenses increased \$148,456 mainly due to increases in election expense activity by \$90,262.

BUDGETARY HIGHLIGHTS

Major differences between the original budget and the final amended budget of the General Fund are briefly summarized as follows:

- The amended budgeted revenues were \$5,717,390, actual revenues were \$5,722,700 which was a favorable variance of \$5,310.
- The amended budgeted expenditures were \$5,511,606, actual expenditures were \$5,620,720 which was a unfavorable variance of only \$109,114.
- The overall final budget compared to the original budget reflects an increase of Excess Revenues over Expenditures of \$327,697.
- The amended budget planned for total revenues over expenses of \$205,784, and the actual 2025 total revenue over expenses was a decrease of \$103,804, an unfavorable variance.
- Capital Outlay equipment was purchased for \$528,247 included in the budget results.
- When we accepted the Parish's bond proceeds in 2008 for the construction of our new facilities, we added annual payments to the Parish of approximately \$693,000 to our budget. The first part of the plan to pay for this additional expense was to roll forward our taxes in 2008, which added \$377,944 to our tax collections. This still left a \$315,056 deficit for the payments to the Parish. The second part of the plan to pay for the additional expenditures was to be paid through our annual growth rate in our tax collections. It was estimated that with a modest 4% growth rate by 2013, we would almost make enough to cover the additional payments. General Fund tax collections for 2013 increased 4.39% over the 2012 collections because of the reassessment and annual growth. In 2025, we collected \$1,735,381 more in General Fund property taxes than we did in 2007. The required bond payment to the parish was \$644,515 in 2025.

Revenues:

- With continued growth within the District and reassessment increases, overall valued property in the District has overcome the temporary reduction of selected properties due to flood damage in 2016. The District's ad valorem revenues increased again in 2025 as compared to the 2016 level by an actual 38% increase in taxable base over the 2016 levels. The District passed a renewal ad valorem tax beginning in 2026 which will move the millage rate to the full 15 mills for the initial year. From preliminary assessor reports, the 2026 tax base will grow again over the 2025 amounts. The ad valorem renewal tax will provide strong revenues from 2026 through 2035.
- Charges for Services were originally budgeted at \$2,062,500 and was amended to \$2,059,431. This was a decrease of 0.15% compared to the original budget. Actual revenues for Charges for Services amounted to \$2,047,668 in 2025 which resulted in an unfavorable variance amount less than budget by \$11,763.

Expenditures:

- Total budgeted expenditures were amended with a decrease of \$40,307 over the original budget as programs were consistent with moderate changes. The actual results yielded a \$109,114 unfavorable variance over the amended 2025 budget.
- Parks and Recreation Personnel Expenses which includes salaries and wages, payroll taxes and benefits were more than the final budget by \$16,640 for an unfavorable variance. This was due primarily to additional retirement contribution increases and new hires.
- Actual Program expenses were \$18,763 over the amended budget due to team sports.
- The general operations actual expenses were a \$73,711 unfavorable variance from the amended budget.

CAPITAL ASSETS

Capital Assets. PARDS investment in capital assets as of December 31, 2025, amounted to \$2,019,742 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment and park facilities. The total net increase in PARDS' investment in capital assets for the current year was \$302,101 or more than 18%. The cause of the increase was due to current additions of \$528,247 and \$226,146 in depreciation in the current year.

Major capital asset purchases during the current fiscal year included the following:

- A new lighting system for the soccer field that was a park improvement added in 2025 totaling \$250,000, the running track having a new overlay for \$84,000 and equipment purchases of \$168,918.
- Depreciation expense for 2025 amounted to \$226,146.

Additional information on PARDS' capital assets can be found in Note 5 of this report.

LONG-TERM DEBT

At the end of the current year, PARDS had no bonded debt outstanding.

Additional information on PARDS' commitments can be found in Note 11 on page 42 of this report.

FUTURE EXPENSES

On August 4, 2009, the Board of Commissioners signed a contract to build a \$6,112,000 Fitness and Aquatics Center and Water Park. This project is financed with a portion of the \$7,500,000 bond the Parish issued on behalf of the Recreation District. Future bond payments are approximately \$646,565 per year but fluctuates slightly year to year. The final payment is scheduled for October of 2038.

The FAC opened in March 2011. In its fifteenth year of operation, emphasis on membership is a continued challenge to keep pace with projections. We expect the numbers of memberships to continue a gradual increase in the future with the addition of specialty classes and added emphasis on cross fit exercise type programs.

The Pines golf course has been acquired has shown very positive results in hosting events, providing youth golf, and providing the public with a very good 9-hole course for play. Concessions and membership at The Pines course have continued to be beyond expectation since its first year of operation.

With greater than ten full seasons of Aqua PARDS and fifteen years of operating the Fitness and Aquatics Center, PARDS has a history to base future budgets on both ad valorem revenues and strong program revenues. The 2026 budget will again accurately reflect actual revenue and expenses in a concise way. A major improvement plan has been established providing major maintenance projects in excess of \$1,250,000. Needed repairs to the L M Lockhart Park, Aquatic Center, South Park, and NorthPark grounds will be an emphasis throughout 2026 and for future years. Soccer participation growth has provided the opportunity to make more room for soccer field upgrades, soccer lighting, and space. Improvements with the new lighting projects for the Soccer Program was funded and built in 2025. South Park pavilion improvements, and North Park Pickle Ball court installations are being constructed in 2026. As normalcy has returned to the park programs, and with increases in registration from the public in all various sports, more improvements for all sports programs are planned for.

Future enhancements to South Park and other areas at North Park relating to a general maintenance emphasis will also be in the planning stages as per public feedback.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of PARDS' finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Superintendent, Mr. Gary Templeton, Post Office Box 1281, Denham Springs, Louisiana, 70727-1281.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**RECREATION DISTRICT NO. 3
OF LIVINGSTON PARISH**

STATEMENT OF NET POSITION

DECEMBER 31, 2025
(With Comparative Totals as of December 31, 2024)

	<u>Governmental Activities</u>	
	<u>2025</u>	<u>2024</u>
ASSETS		
Cash and Cash Equivalents	\$ 1,071,855	\$ 1,013,697
Ad Valorem Taxes Receivable, Net of Allowance	2,878,144	3,031,131
Other Receivables	11,725	5,324
Supplies Inventory	2,652	2,808
Prepaid Expense	7,160	10,250
Deposits	20	20
Prepaid Insurance	27,687	35,120
Capital Assets:		
Land and Construction in Progress	728,589	728,589
Other Capital Assets, Net of Depreciation	1,291,153	989,052
Net Pension Asset	163,665	-
Total Assets	<u>6,182,650</u>	<u>5,815,991</u>
DEFERRED OUTFLOW OF RESOURCES		
Deferred Outflows - Related to Pensions	243,261	499,304
LIABILITIES		
Accounts Payable	203,762	158,375
Accrued Liabilities	55,534	294,579
Non-Current Liabilities:		
Net Pension Liability	-	169,913
Total Liabilities	<u>259,296</u>	<u>622,867</u>
DEFERRED INFLOW OF RESOURCES		
Deferred Inflows - Related to Pensions	140,609	78,728
NET POSITION		
Net Investment in Capital Assets	2,019,742	1,725,641
Restricted for Debt Service	16,669	16,577
Unrestricted	3,989,595	3,871,482
Total Net Position	<u>\$ 6,026,006</u>	<u>\$ 5,613,700</u>

The notes to the financial statements are an integral part of this statement.

**RECREATION DISTRICT NO. 3
OF LIVINGSTON PARISH**

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2025
(With Comparative Totals for the Year Ended December 31, 2024)

		<u>Program Revenues</u>		<u>Total Governmental Activities - Net (Expense) Revenue and Changes In Net Position</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>2025 2024</u>
	<u>Expenses</u>				
FUNCTIONS/PROGRAMS					
Governmental Activities:					
Parks and Recreation:					
Personnel	\$ 2,559,103	\$ -	\$ 16,994	\$ -	\$ (2,542,109) \$ (2,410,834)
Program Expenses	401,147	2,047,668	355,000	-	2,001,521 1,692,282
General Operations	<u>2,367,142</u>	<u>50,795</u>	<u>-</u>	<u>-</u>	<u>(2,316,347) (2,162,896)</u>
Total Governmental Activities	<u>\$ 5,327,392</u>	<u>\$ 2,098,463</u>	<u>\$ 371,994</u>	<u>\$ -</u>	(2,856,935) (2,881,448)
Taxes:					
Property Taxes, Levied for General Purposes					3,197,164 3,110,477
Property Taxes, Levied for Debt Services					4 47
Interest and Investment Earnings					40,827 77,827
Sponsorships					20,000 10,000
Miscellaneous					<u>11,246 11,283</u>
					<u>3,269,241 3,209,634</u>
Change in Net Position					412,306 328,186
Net Position - Beginning of Year					<u>5,613,700 5,285,514</u>
Net Position - End of Year					<u>\$ 6,026,006 \$ 5,613,700</u>

The notes to the financial statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

**RECREATION DISTRICT NO. 3
OF LIVINGSTON PARISH**

BALANCE SHEET - GOVERNMENTAL FUNDS

DECEMBER 31, 2025
(With Comparative Totals as of December 31, 2024)

	General Fund	Debt Service Fund	Total Governmental Funds	
			2025	2024
ASSETS				
Cash and Cash Equivalents	\$ 1,058,961	\$ 12,894	\$ 1,071,855	\$ 1,013,697
Ad Valorem Taxes Receivable	2,967,159	-	2,967,159	3,124,877
Allowance for Uncollectible Ad Valorem Taxes	(89,015)	-	(89,015)	(93,746)
Other Receivables	11,725	-	11,725	5,324
Due from General Fund	-	3,775	3,775	3,771
Supplies Inventory	2,652	-	2,652	2,808
Prepaid Expense	7,160	-	7,160	10,250
Deposits	20	-	20	20
Total Assets	<u>\$ 3,958,662</u>	<u>\$ 16,669</u>	<u>\$ 3,975,331</u>	<u>\$ 4,067,001</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 203,762	\$ -	\$ 203,762	\$ 158,375
Accrued Payroll	45,696	-	45,696	38,517
Payroll Taxes and Related Benefits Payable	6,838	-	6,838	3,062
Due to Primary Government	3,000	-	3,000	3,000
Unearned Revenue	-	-	-	250,000
Due to Debt Service Fund	3,775	-	3,775	3,771
Total Liabilities	263,071	-	263,071	456,725
Fund Balances:				
Nonspendable:				
Supplies Inventory and Prepaid Expense	9,812	-	9,812	13,058
Restricted for:				
Debt Service	-	16,669	16,669	16,665
Unassigned	<u>3,685,779</u>	<u>-</u>	<u>3,685,779</u>	<u>3,580,553</u>
Total Fund Balances	<u>3,695,591</u>	<u>16,669</u>	<u>3,712,260</u>	<u>3,610,276</u>
Total Liabilities and Fund Balances	<u>\$ 3,958,662</u>	<u>\$ 16,669</u>	<u>\$ 3,975,331</u>	<u>\$ 4,067,001</u>

The notes to the financial statements are an integral part of this statement.

**RECREATION DISTRICT NO. 3
OF LIVINGSTON PARISH**

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

DECEMBER 31, 2025
(With Comparative Totals as of December 31, 2024)

	<u>2025</u>	<u>2024</u>
Total Fund Balances - Governmental Funds	\$ 3,712,260	\$ 3,610,276
Cost of Capital Assets	10,310,769	9,782,522
Less: Accumulated Depreciation	<u>(8,291,027)</u>	<u>(8,064,881)</u>
	2,019,742	1,717,641
Prepaid Insurance	27,687	35,120
Elimination of Interfund Assets and Liabilities:		
Due from General Fund	3,775	3,771
Due to Debt Service Fund	<u>(3,775)</u>	<u>(3,771)</u>
	-	-
Long-Term Liabilities:		
Net Pension Asset (Liability)	<u>163,665</u>	<u>(169,913)</u>
	163,665	(169,913)
Deferred Outflows of Resources Related to Pensions are not Reported in Governmental Funds	243,261	499,304
Deferred Inflows of Resources Related to Pensions are not Reported in Governmental Funds	<u>(140,609)</u>	<u>(78,728)</u>
Net Position	<u><u>\$ 6,026,006</u></u>	<u><u>\$ 5,613,700</u></u>

The notes to the financial statements are an integral part of this statement.

**RECREATION DISTRICT NO. 3
OF LIVINGSTON PARISH**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED DECEMBER 31, 2025
(With Comparative Totals for the Year Ended December 31, 2024)

	General Fund	Debt Service Fund	Total Governmental Funds 2025	2024
Revenues:				
Ad Valorem Taxes	\$ 3,197,164	\$ 4	\$ 3,197,168	\$3,110,524
Intergovernmental	355,000	-	355,000	105,000
Interest	40,827	-	40,827	77,827
Charges for Services:				
Day Camp and Before and After School Fees	569,420	-	569,420	542,235
Team Registrations	468,833	-	468,833	413,795
Recreational Center Rental	48,617	-	48,617	51,367
Ballfield Rentals	12,565	-	12,565	19,365
Fitness and Aquatics Center	625,146	-	625,146	603,975
West Livingston Rental	6,200	-	6,200	10,250
Tournament Income	30,320	-	30,320	28,383
The Pines	286,567	-	286,567	255,949
Concessions:				
Subcontracted	28,396	-	28,396	34,582
Internally Controlled	19,991	-	19,991	19,508
Vending Machines	2,408	-	2,408	1,700
Sponsorships	20,000	-	20,000	10,000
Miscellaneous	11,246	-	11,246	11,283
Total Revenues	5,722,700	4	5,722,704	5,295,743
Expenditures:				
Parks and Recreation Personnel:				
Salaries and Wages	2,170,499	-	2,170,499	2,111,529
Commissioners Per Diem	6,600	-	6,600	6,900
Payroll Taxes	91,708	-	91,708	85,554
Retirement Contributions	136,106	-	136,106	144,769
Health and Life Insurance	152,850	-	152,850	156,364
	2,557,763	-	2,557,763	2,505,116

(CONTINUED)

**RECREATION DISTRICT NO. 3
OF LIVINGSTON PARISH**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2025
(With Comparative Totals for the Year Ended December 31, 2024)

	General Fund	Debt Service Fund	Total Governmental Funds	
			2025	2024
Expenditures (Continued):				
Program Expenses:				
Team Sports	205,482	-	205,482	163,343
Day Camp and Before and After				
School Programs	142,859	-	142,859	134,291
Fitness and Aquatics Center	35,671	-	35,671	26,170
The Pines	17,135	-	17,135	14,233
	401,147	-	401,147	338,037
General Operations:				
Utilities	338,170	-	338,170	302,772
Maintenance and Repairs:				
Buildings and Grounds	216,409	-	216,409	180,565
Fitness and Aquatics Center	73,800	-	73,800	116,895
Vehicles	4,102	-	4,102	1,988
Tractors	18,700	-	18,700	32,994
West Livingston	17,527	-	17,527	23,968
The Pines	67,314	-	67,314	87,408
Insurance	254,112	-	254,112	255,937
Contracted Services	103,004	-	103,004	76,380
Professional Services	54,256	-	54,256	51,948
Concession Expenses:				
Internally Controlled	17,720	-	17,720	15,344
Vending Machines	5,299	-	5,299	2,959
The Pines	14,847	-	14,847	17,007
Telephone	25,433	-	25,433	22,012
Janitorial Supplies and Service	18,654	-	18,654	23,145
Truck and Tractor - Gas and Oil	15,827	-	15,827	27,054
Office Supplies	9,623	-	9,623	11,513
Uniforms	9,472	-	9,472	6,488
Advertising	1,862	-	1,862	3,645

(CONTINUED)

**RECREATION DISTRICT NO. 3
OF LIVINGSTON PARISH**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2025
(With Comparative Totals for the Year Ended December 31, 2024)

	General Fund	Debt Service Fund	Total Governmental Funds	
			2025	2024
General Operations (Continued):				
Dues and Subscriptions	1,140	-	1,140	565
Election Expense	90,262	-	90,262	2,633
Postage and Freight	608	-	608	1,381
Miscellaneous	7,320	-	7,320	15,307
Assessors Pension Fund	123,587	-	123,587	123,688
Capital Outlay	528,247	-	528,247	169,142
Intergovernmental Transfer	644,515	-	644,515	645,690
	<u>2,661,810</u>	<u>-</u>	<u>2,661,810</u>	<u>2,218,428</u>
Total Expenditures	<u>5,620,720</u>	<u>-</u>	<u>5,620,720</u>	<u>5,061,581</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>101,980</u>	<u>4</u>	<u>101,984</u>	<u>234,162</u>
Net Change in Fund Balances	101,980	4	101,984	234,162
Fund Balances - Beginning of Year	<u>3,593,611</u>	<u>16,665</u>	<u>3,610,276</u>	<u>3,376,114</u>
Fund Balances - End of Year	<u><u>\$ 3,695,591</u></u>	<u><u>\$ 16,669</u></u>	<u><u>\$ 3,712,260</u></u>	<u><u>\$ 3,610,276</u></u>

The notes to the financial statements are an integral part of this statement.

**RECREATION DISTRICT NO. 3
OF LIVINGSTON PARISH**

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

FOR THE YEAR ENDED DECEMBER 31, 2025
(With Comparative Totals for the Year Ended December 31, 2024)

	<u>2025</u>	<u>2024</u>
Total Net Change in Fund Balances - Governmental Funds	\$ 101,984	\$ 234,162
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 as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the period:		
Capital Outlays	528,247	169,142
Depreciation Expense	(226,146)	(177,142)
Change in Prepaid Insurance	(7,433)	7,742
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
(Increase) Decrease in Net Pension Obligation	(1,340)	76,635
Proportionate share of non-employer contributions to the pension plans do not provide current financial resources and, therefore, are not reported as revenues in the governmental funds.		
	<u>16,994</u>	<u>17,647</u>
Change in Net Position of Governmental Activities	<u>\$ 412,306</u>	<u>\$ 328,186</u>

The notes to the financial statements are an integral part of this statement.

**RECREATION DISTRICT NO. 3
OF LIVINGSTON PARISH**

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

FOR THE YEAR ENDED DECEMBER 31, 2025

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
Revenues:				
Ad Valorem Taxes	\$ 3,110,000	\$ 3,198,000	\$ 3,197,164	\$ (836)
Intergovernmental	105,000	355,000	355,000	-
Interest	62,000	23,500	40,827	17,327
Charges for Services:				
Day Camp and Before and After School Fees	555,000	580,000	569,420	(10,580)
Team Registrations	444,800	482,146	468,833	(13,313)
Recreational Center Rental	72,000	49,500	48,617	(883)
Ballfield Rentals	18,000	16,000	12,565	(3,435)
Fitness and Aquatics Center	646,700	625,505	625,146	(359)
The Pines	272,000	269,875	286,567	16,692
West Livingston Rental	16,000	6,050	6,200	150
Tournament Income	38,000	30,355	30,320	(35)
Concessions:				
Subcontracted	36,500	28,294	28,396	102
Internally Controlled	23,000	20,115	19,991	(124)
Vending Machines	2,500	2,300	2,408	108
Sponsorships	10,000	20,000	20,000	-
Miscellaneous	18,500	10,750	11,246	496
 Total Revenues	 5,430,000	 5,717,390	 5,722,700	 5,310
Expenditures:				
Parks and Recreation Personnel:				
Salaries and Wages	2,150,070	2,152,523	2,170,499	(17,976)
Commissioners Per Diem	8,400	6,900	6,600	300
Payroll Taxes	102,000	93,500	91,708	1,792
Retirement Contributions	160,200	135,200	136,106	(906)
Health and Life Insurance	172,000	153,000	152,850	150
	2,592,670	2,541,123	2,557,763	(16,640)

(CONTINUED)

**RECREATION DISTRICT NO. 3
OF LIVINGSTON PARISH**

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

FOR THE YEAR ENDED DECEMBER 31, 2025

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
Program Expenses:				
Team Sports	146,000	188,350	205,482	(17,132)
Day Camp and Before and After School Programs	140,000	142,955	142,859	96
Fitness and Aquatics Center	32,450	35,859	35,671	188
The Pines	17,000	15,220	17,135	(1,915)
	335,450	382,384	401,147	(18,763)
General Operations:				
Utilities	310,000	317,500	338,170	(20,670)
Maintenance and Repairs:				
Buildings and Grounds	185,000	165,000	216,409	(51,409)
Fitness and Aquatics Center	131,500	78,100	73,800	4,300
Vehicles	3,500	4,000	4,102	(102)
Tractors	27,000	20,000	18,700	1,300
West Livingston	40,000	20,000	17,527	2,473
The Pines	65,000	54,000	67,314	(13,314)
Insurance	254,000	241,000	254,112	(13,112)
Contracted Services	75,000	98,500	103,004	(4,504)
Professional Services	54,300	55,360	54,256	1,104
Concession Expenses:				
Internally Controlled	18,200	16,348	17,720	(1,372)
Vending Machines	3,000	3,500	5,299	(1,799)
The Pines	18,500	15,000	14,847	153
Telephone	23,000	23,000	25,433	(2,433)
Janitorial Supplies and Service	26,500	20,000	18,654	1,346
Truck and Tractor - Gas and Oil	27,000	17,500	15,827	1,673

(CONTINUED)

**RECREATION DISTRICT NO. 3
OF LIVINGSTON PARISH**

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

FOR THE YEAR ENDED DECEMBER 31, 2025

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
Office Supplies	10,000	9,250	9,623	(373)
Uniforms	7,000	8,000	9,472	(1,472)
Advertising	5,000	2,500	1,862	638
Dues and Subscriptions	500	1,300	1,140	160
Election Expense	-	69,000	90,262	(21,262)
Postage and Freight	1,900	700	608	92
Miscellaneous	25,000	8,600	7,320	1,280
Assessors Pension Fund	120,000	123,688	123,587	101
Capital Outlay	546,950	571,738	528,247	43,491
Intergovernmental Transfer	645,943	644,515	644,515	-
	<u>2,623,793</u>	<u>2,588,099</u>	<u>2,661,810</u>	<u>(73,711)</u>
Total Expenditures	<u>5,551,913</u>	<u>5,511,606</u>	<u>5,620,720</u>	<u>(109,114)</u>
Excess of Revenues Over Expenditures	<u>(121,913)</u>	<u>205,784</u>	<u>101,980</u>	<u>(103,804)</u>
Net Change in Fund Balances	<u>(121,913)</u>	<u>205,784</u>	<u>101,980</u>	<u>(103,804)</u>
Fund Balance - Beginning of Year	<u>3,593,611</u>	<u>3,593,611</u>	<u>3,593,611</u>	<u>-</u>
Fund Balance - End of Year	<u><u>\$ 3,471,698</u></u>	<u><u>\$ 3,799,395</u></u>	<u><u>\$ 3,695,591</u></u>	<u><u>\$ (103,804)</u></u>

The notes to the financial statements are an integral part of this statement.

**RECREATION DISTRICT NO. 3 OF
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025

Note 1 - Organization, Nature of Operations, and Summary of Significant Accounting Policies -

a. Organization and Nature of Operations

Recreation District No. 3 of the Parish of Livingston, State of Louisiana ("the District") was created November 27, 1973, by the Livingston Parish Council, as provided by Louisiana Revised Statute 33:4562. A board of seven commissioners who are appointed by the Livingston Parish Council governs the District. The purpose of the District is to provide playground and other facilities that promote recreation and general health and well-being. The District encompasses approximately 29% of Livingston Parish, Louisiana, and serves approximately 35,000 people. The District operates four recreational facilities referred to as North Park, South Park, West Livingston Playground, and The Pines at North Park.

b. Reporting Entity

The Livingston Parish Council is the financial reporting entity for Livingston Parish, Louisiana. The Livingston Parish Council appoints a voting majority of the District's governing body and can impose its will on the District. Accordingly, the District has been determined to be a component unit of the Livingston Parish Council.

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

The District has no entities or organizations that are required to be included in its financial report as defined by Governmental Accounting Standards Board (GASB) Statement 61.

c. Basis of Statement Presentation

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

This financial report has been prepared in conformity with GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments.

**RECREATION DISTRICT NO. 3 OF
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2025

d. 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 relating to certain governmental functions or activities.

A fund is defined as a separate accounting entity with a self-balancing set of accounts. Funds of the District are classified as governmental funds. Governmental funds account for the District's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. The governmental funds presented in the financial statements are described as follows:

Governmental Fund Types

General Fund

The General Fund is the general operating fund of the District and accounts for all financial resources, except those required to be accounted for in other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid for through other funds are paid from the General Fund.

Debt Service Fund

The Debt Service Fund is used to account for accumulation of resources for the payment of general long-term debt principal, interest, and related costs.

e. Measurement Focus/Basis of Accounting

Basic Financial Statements - Government-Wide Financial Statements (GWFS)

The Statement of Net Position and the Statement of Activities display information about the reporting government as a whole. These statements include all the financial activities of the District.

The GWFS were prepared using 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*.

**RECREATION DISTRICT NO. 3 OF
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2025

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

The District does not allocate indirect expenses.

Basic Financial Statements - Governmental Funds

The accounting and financial reporting treatment applied to a fund are determined by its measurement focus. Governmental Funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of Governmental Funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. The General Fund and the Debt Service Fund are considered major funds of the District.

The modified accrual basis of accounting is used by Governmental Funds. 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 (generally 60 days) to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. The Governmental Funds use the following practices in recording revenues and expenditures:

Revenues

Ad valorem taxes are recorded in the year the taxes are due and payable. Generally, ad valorem taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent on January 1 of the following year. The taxes are generally collected in December, January, and February of the fiscal year.

Interest income is composed of interest from interest-bearing demand deposits, from time deposits and from ad valorem taxes. Interest earned on idle cash, cash equivalents, and investments is recorded when the income is both measurable and available.

**RECREATION DISTRICT NO. 3 OF
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2025

Intergovernmental revenues are recorded when the income is both measurable and available.

Grant revenues are recorded when the District is entitled to reimbursement of expenditures under the terms of the grant.

Charges for services are recorded as revenue when the fees are collected because they are usually paid at the time the service is rendered.

Other revenues, such as; concession sales, sponsorships, donations, refunds, and miscellaneous revenues are recorded as revenue when the money is received because they are generally not measurable until actually received.

Expenditures

Principal and interest on general long-term obligations are recognized when due. All other expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Other Financing Sources (Uses)

Other financing sources (uses) include the proceeds from the sale of fixed assets and transfers between funds that are not expected to be repaid. Proceeds from the sale of fixed assets are recorded when received and transfers are recorded when the transfer is made. There were no sales or transfers in the current year.

f. Budgetary Policy and Accounting

The District prepares its annual operating budget on the modified accrual basis of accounting, which is consistent with generally accepted accounting principles (GAAP). The District's budget process also has to follow the requirements of state law as set forth by the Louisiana Local Government Budget Act.

The following procedures are used in establishing the budgetary data reflected in the financial statements:

- Before the second Monday of November, the District prepares a budget for the next fiscal year that begins January 1. The operating budget includes proposed expenditures and the means of financing them.
- The board members discuss the proposed budget at the regular meeting of the Board of Commissioners on the second Monday of November and set the date for the special public hearing on the proposed budget.

**RECREATION DISTRICT NO. 3 OF
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2025

- The public hearing to review and discuss the budget is held immediately before the regular meeting of the Board of Commissioners on the second Monday in December. The public hearing for the District's 2025 original budget was held on December 9, 2024.
- The budget is adopted at the Board of Commissioners regular monthly meeting immediately following the public hearing.

Once the budget is approved, it can be amended by approval of a majority of the Board of Commissioners. The process of presenting and approving budget amendments follows a procedure similar to the one used to adopt the initial budget. There was one amendment made to the budget that was initially adopted for 2025. The amendment was approved at a regular meeting of the District's Board of Commissioners on December 8, 2025.

All budget appropriations lapse at year-end.

g. Encumbrances

Encumbrances outstanding at year end do not represent GAAP expenditures or liabilities but represent budgetary accounting controls. The Governmental Fund's budget is maintained on the modified accrual basis of accounting except that budgetary basis expenditures include purchase orders and contracts (encumbrances) issued for goods or services not received at year end.

The actual results of operations are presented in accordance with GAAP and the Commission's accounting policies do not recognize encumbrances as expenditures until the period in which the goods or services are actually received and a liability is incurred. At December 31, 2025, the District had no outstanding encumbrances.

h. Inventories

Inventories are valued by management at cost and estimated cost. Inventories consist primarily of equipment fuel. Inventories at year-end are offset by an equal amount of nonspendable fund balance.

i. Cash and Cash Equivalents

Cash includes petty cash, demand deposits, and interest-bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of three months or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States. Cash and cash equivalents are presented at cost in the District's balance sheet.

**RECREATION DISTRICT NO. 3 OF
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2025

j. Investments

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 and the District's investment policy. If the original maturities of time deposits exceed three months, they are classified as investments; however, if the original maturities are three months or less, they are classified as cash equivalents.

GASB Statement 72 requires the District to report its investments at fair value in the balance sheet except for investments in non-participating interest-earning contracts, such as non-negotiable certificates of deposit with redemption terms that do not consider market rates. This type of investment is reported using a cost-based measure, provided that the fair value of the contract is not significantly affected by the impairment of the credit standing of the issuer or other factors.

k. Receivables and Payables

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable based on agings and estimated charge-off percentages comprise the trade accounts receivable allowance for uncollectibles. The property tax receivable allowance is equal to three percent of the current year property tax levy.

Property taxes are levied in September or October each year on property values assessed as of the same date. Billed taxes become delinquent on January 1 of the following year, at which time the applicable property is subject to lien, and penalties and interest are assessed.

l. Prepaid Items

Payments for general insurance reflect costs that are applicable to future periods and are recorded as prepaid in the government-wide financial statements. In the fund financial statements, the entire payment is treated as a current expenditure even though future periods benefit from the advance payment.

m. Capital Assets and Depreciation

Capital assets include any land, buildings, major park improvements, equipment, and vehicles owned by the District. All capital assets are valued at historical cost, except for donated assets, which are valued at estimated fair market value at the date of donation. At December 31, 2025 the District had no donated assets. In cases where assets are constructed with borrowed money the interest expense paid on the related debt is capitalized as part of the cost of the asset.

**RECREATION DISTRICT NO. 3 OF
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2025

It is the District's policy to capitalize purchases of moveable property costing at least \$1,000 and purchases of real property and major park improvements costing at least \$1,500.

All buildings, major park improvements, equipment and vehicles are depreciated using the straight line method of depreciation over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Park Improvements	10 - 30
Equipment	5 - 25
Vehicles	5

n. Deferred Outflows and Inflows of Resources

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

All of the District's deferred outflows and inflows of resources on the statement of net position are related to pensions. See pension Note 7.

o. Compensated Absences

The cost of leave privileges is computed in accordance with GASB Codification Section C60. Upon completion of one year of service, all full-time employees earn from 10 to 20 days of vacation leave each year depending upon the number of years employed. All full-time employees earn from 5 to 10 days of sick leave each year depending upon when they are hired during the year and the number of years employed. Vacation cannot be carried over from year to year or taken in advance. Sick leave can be accumulated up to a maximum of 100 days and is convertible to retirement credit upon retirement. Unused sick time is more likely than not to be converted into retirement credit upon retirement. Unused vacation or sick leave is not paid to employees upon termination. Accordingly, the financial statements do not include any liability for compensated absences. The cost of current leave privileges is recognized as a current year expenditure in the General Fund when the leave is actually used.

p. Transfers and Interfund Loans

Transfers are advances between funds that are not expected to be repaid. In those cases where repayment is expected, the advances are accounted for through the various "due from" and "due to" accounts in the fund financial statements. The "due from" and "due to" accounts are eliminated in the government-wide financial statements.

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q. Pension

The District is a participating employer in cost-sharing, multiple-employer defined benefit plan as described in Note 7. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of each of the plans, and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

r. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position.

In the fund financial statements, governmental fund types recognize the face amount of debt issued as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

s. Use of Estimates

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

t. Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position invested in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any debt proceeds used for the acquisition, construction, or improvements of those assets. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. All other net position is reported as unrestricted.

u. Fund Balance

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

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

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Restricted - Amounts that can be spent only for specific purposes because of the state or federal laws, or externally imposed conditions by grantors or creditors.

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

Assigned - Amounts that are designated as committed by the District but are not spendable until a budget resolution is passed.

Unassigned - All amounts not included in other spendable classifications; positive amounts are only in the general fund. The District has not adopted a policy to maintain the general fund's unassigned fund balance above a certain minimum balance.

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

v. Summary Financial Information for 2024

The financial statements include certain prior year summarized information in total. Such information does not include sufficient details to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended December 31, 2024, from which the summarized information was derived.

Note 2 - Cash and Cash Equivalents -

For reporting purposes, cash and cash equivalents include cash, demand deposits, and time certificates of deposit with original maturities of 90 days or less when purchased. If the original maturities of time certificates of deposits exceed three months, they are classified as investments. Under state law the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, any other state in the union, or under the laws of the United States. Further, the District may invest in time deposits or certificates of deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

As confirmed by the fiscal agents, the District had cash and certificates of deposit with maturities less than 90 days totaling \$1,176,729 with a carrying amount of \$1,071,855 and certificates of deposit with maturities over 90 days with a confirmed balance and a carrying amount totaling \$-0- at December 31, 2025. Cash and cash equivalents are stated at cost, which approximates market. These deposits must be secured under state law by federal deposit insurance or the pledge

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of securities owned by the bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank. The following is a summary of cash and cash equivalents and certificates of deposit with maturities less than 90 days, and certificates of deposit over 90 days at December 31, 2025:

	<u>Deposits in Bank Accounts</u>		
	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Total</u>
Book Balance	\$1,071,855	\$ -	\$1,071,855
Bank Balance	\$1,176,729	\$ -	\$1,176,729

Custodial Credit Risk - Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. To mitigate this risk, state law requires for these deposits (or the resulting bank balances) to be secured by federal deposit insurance or the pledge of securities by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Even though the pledged securities may be considered uncollateralized (Category 3) under provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand. At December 31, 2025, the District has \$1,176,729 in demand deposits and savings accounts (collected bank balances) for cash and cash equivalents, in two banks. \$512,894 of the demand deposits and savings accounts are secured from risk by \$512,894 of federal deposit insurance and the remaining \$663,835 of demand deposits are secured by pledged securities. The \$663,385 is exposed to custodial credit risk because while the amount is secured by pledged securities, such securities are held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Note 3 - Ad Valorem Taxes -

On November 4, 2014, the voters, who live within the boundaries of Recreation District No. 3 of Livingston Parish, Louisiana, passed a 15 mill (\$15 per \$1,000 of assessed valuation) ad valorem tax to provide funds for the operation and maintenance of the public parks located within the District. The tax was effective for a ten year period (2016 - 2025). On October 11, 2025 the voters, who live within the boundaries of Recreation District No. 3 of Livingston Parish, Louisiana, passed a renewal of the levy and collection of the 15 mill ad valorem tax for the purpose of operating and maintaining the District. The tax is effective for a period of ten years, beginning in the year 2026 and ending in the year 2035. In addition to this tax, the District can assess a millage (tax) to provide sufficient funds to pay for the principal and interest on a public improvement bond issue that was approved by the voters who lived in the District during 1991. This millage expired in 2021.

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The ad valorem taxes are levied each November 15 on the taxable assessed value listed as of the prior January 1 for all real and business personal property located within the boundaries of Recreation District No. 3. Taxable assessed value represents the appraised value of the property less exemptions allowed by law. The Livingston Parish Assessor periodically determines the appraised values.

As of January 1, 2025, the assessed value of the property located within Recreation District No. 3 of Livingston Parish, Louisiana, was \$302,088,006. For 2025, the District elected to assess 10.72 mills to finance the maintenance and operations of the parks.

Taxes are due on November 15, the levy date, and they become delinquent on the following January 1. The taxes are generally collected in December of the current year and January through March of the following year. During late April or May, of the year following the year the tax was levied, the Sheriff's office sends out delinquent notices to the property owners. Soon after the Sheriff has mailed the delinquent notices, he will publish them in the newspaper. After a second publication in the newspaper and at least 30 days from the date of the first publication, the property is advertised for auction. The auction usually takes place in June or July. Properties sold at auction have liens placed on them by their buyers. The Parish will put a lien on any properties not sold at the auction.

Delinquent tax collections are prorated between maintenance and debt service based on the rates adopted by the District for the year the particular levy was assessed. Management has based the allowances for uncollectible ad valorem taxes for the General and Debt Service Funds using historical experience in collecting the taxes and adjusting for allowances of prior years not used by the end of the current year. Historically, approximately 97% of the taxes have been collected. Total taxes assessed and taxes receivable at December 31, 2025, are as follows:

	General Operations <u>10.72 Mills</u>	Debt Service <u>0.00 Mill</u>	<u>Total</u>
<u>Revenues:</u>			
2025 Ad Valorem Tax Assessed	\$ 3,238,383	\$ -	\$ 3,238,383
Add (Less): Current Allowance for Uncollectible Taxes	(89,015)	-	(89,015)
Prior Year Collections in Excess of Net Receivable	<u>47,796</u>	<u>4</u>	<u>47,800</u>
Net Ad Valorem Tax Revenue	<u>\$ 3,197,164</u>	<u>\$ 4</u>	<u>\$ 3,197,168</u>
<u>Receivable:</u>			
2025 Property Tax Assessed	\$ 3,238,383	\$ -	\$ 3,238,383
Less: Current Year Taxes Collected in 2025	<u>(271,224)</u>	<u>-</u>	<u>(271,224)</u>
Total Property Taxes Receivable at December 31, 2025	2,967,159	-	2,967,159
Less: Allowance for Uncollectible Accounts	<u>(89,015)</u>	<u>-</u>	<u>(89,015)</u>
Net Property Tax Receivable at December 31, 2025	<u>\$ 2,878,144</u>	<u>\$ -</u>	<u>\$ 2,878,144</u>

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Note 4 - Interfund Receivables and Payables -

From time to time, the District may pay for certain fees with general funds rather than with debt service funds as a matter of convenience. The fund will then reimburse the other fund for amounts advanced on its behalf. As a result, the manner in which cash is spent and received creates short-term interfund loans. A summary of these interfund loans at year-end is as follows:

	Due to Debt Service Fund	Due from General Fund
General Fund	\$ 3,775	\$ -
Debt Service Fund	<u>-</u>	<u>3,775</u>
Total	<u>\$ 3,775</u>	<u>\$ 3,775</u>

Note 5 - Changes in Capital Assets -

A summary of changes in capital assets follows:

	Balance December 31, 2024	Additions	Deletions	Balance December 31, 2025
<u>Governmental Activities:</u>				
Capital Assets not being Depreciated:				
Land	\$ 728,589	\$ -	\$ -	\$ 728,589
Total Capital Assets not being Depreciated	728,589	-	-	728,589
Capital Assets being Depreciated:				
Buildings	2,795,583	-	-	2,795,583
Park Improvements	4,528,394	359,329	-	4,887,723
Vehicles	156,409	-	-	156,409
Equipment and Furniture	<u>1,573,547</u>	<u>168,918</u>	<u>-</u>	<u>1,742,465</u>
Total Capital Assets being Depreciated	9,053,933	528,247	-	9,582,180
Less: Accumulated Depreciation for:				
Buildings	2,379,030	69,443	-	2,448,473
Park Improvements	4,130,377	97,630	-	4,228,007
Vehicles	150,419	1,672	-	152,091
Equipment and Furniture	<u>1,405,055</u>	<u>57,401</u>	<u>-</u>	<u>1,462,456</u>
Total Accumulated Depreciation	<u>8,064,881</u>	<u>226,146</u>	<u>-</u>	<u>8,291,027</u>
Total Capital Assets being Depreciated, Net	<u>989,052</u>	<u>302,101</u>	<u>-</u>	<u>1,291,153</u>
Total Governmental Activities Capital Assets, Net	<u>\$1,717,641</u>	<u>\$ 302,101</u>	<u>\$ -</u>	<u>\$2,019,742</u>

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Depreciation expense of \$226,146 was charged to the General Operations function in the Statement of Activities.

Note 6 - Changes in General Long-Term Debt -

The District has no long term debt outstanding at December 31, 2025. See Note 11 concerning outstanding bonds issued in the name of the Livingston Parish Council and the proceeds used to expand and improve facilities of the District.

Note 7 - Retirement Plan -

The District follows the requirements of GASB Statement 68. Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27 and GASB Statement 71, Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment to GASB 68. These standards revise and establish new financial reporting requirements for governments that provide their employees with pension benefits. These standards require the District to record its proportionate share of each of the pension plans net pension liability and report the following disclosures:

General Information about the Pension Plan

Parochial Employees Retirement System of Louisiana Plan Description:

Twenty-nine of the District's employees are members of the Parochial Employees' Retirement System (PERS) - Plan "A", a cost-sharing multiple-employer defined benefit plan administered by the Parochial Employees' Retirement System of Louisiana. PERS was established and provided for by R.S. 11:1901 of the Louisiana Revised Statute. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. PERS issues a publicly available financial report that can be obtained at www.persla.org.

Benefits Provided:

The following is a description of the plan and their benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

1. Retirement

All permanent parish government employees (except those employed by Orleans, Lafourche and East Baton Rouge Parishes) who work at least 28 hours a week shall become members on the date of employment. New employees meeting the age and Social Security criteria have up to 90 days from the date of hire to elect to participate. As of January 1997, elected officials, except coroners, justices of the peace, and parish presidents may no longer join the System. Any member of Plan A can retire providing he/she meets one of the following criteria:

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For employees hired prior to January 1, 2007:

- 1 - Age 55 with thirty (30) years of creditable service.
- 2 - Age 55 with twenty-five (25) years of creditable service.
- 3 - Age 60 with a minimum of ten (10) years of creditable service.
- 4 - Age 65 with a minimum of seven (7) years of creditable service.

For employees hired after January 1, 2007:

- 1 - Age 55 with thirty (30) years of creditable service.
- 2 - Age 62 with a minimum of ten (10) years of creditable service.
- 3 - Age 67 with a minimum of seven (7) years of creditable service.

Generally, the monthly amount of the retirement allowance for any member of Plan A shall consist of an amount equal to two percent of the members' final average compensation multiplied by his years of creditable service. However, under certain conditions, as outlined in the statutes, the benefits are limited to specified amounts.

2. Survivor Benefits

Upon the death of any member of Plan A with five (5) or more years of service who is not eligible for retirement, the plan provides for benefits for the surviving spouse and minor children, as outlined in the statutes.

Any member of Plan A, who is eligible for normal retirement at time of death, the surviving spouse shall receive an automatic Option 2 benefit, as outlined in the statutes.

3. Deferred Retirement Option Plan

Act 338 of 1990 established the Deferred Retirement Option Plan (DROP) for the Retirement System. DROP is an option for that member who is eligible for normal retirement. In lieu of terminating employment and accepting a service retirement, any member of Plan A or B who is eligible to retire may elect to participate in the Deferred Retirement Option Plan (DROP) in which they are enrolled for three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund. Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund or roll over the fund to an Individual Retirement Account. Interest is accrued on the DROP benefits for the period between the end of DROP participation and the member's retirement date. For individuals who become eligible to participate in the Deferred Retirement Option Plan on or after January 1, 2004, all amounts which remain credited to the individual's subaccount after termination in the Plan will be placed in liquid asset money market investments at the discretion of the board of trustees.

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These subaccounts may be credited with interest based on money market rates of return or, at the option of the System, the funds may be credited to self-directed subaccounts. The participant in the self-directed portion of this Plan must agree that the benefits payable to the participant are not the obligations of the state or the System, and that any returns and other rights of the Plan are the sole liability and responsibility of the participant and the designated provider to which contributions have been made.

4. Disability Benefits

For Plan A, a member shall be eligible to retire and receive a disability benefit if he/she was hired prior to January 1, 2007, and has at least five years of creditable service or if hired after January 1, 2007, has seven years of creditable service, and is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan A shall be paid a disability benefit equal to the lesser of an amount equal to three percent of the member's final average compensation multiplied by his years of service, not to be less than fifteen, or three percent multiplied by years of service assuming continued service to age of sixty.

5. Cost of Living Increases

The Board is authorized to provide a cost of living allowance for those retirees who retired prior to July 1973. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. In addition, the Board may provide an additional cost of living increase to all retirees and beneficiaries who are over age sixty-five equal to 2% of the member's benefit paid on October 1, 1977, (or the member's retirement date, if later). Also, the Board may provide a cost of living increase up to 2.5% for retirees 62 and older. (RS 11:1937). Lastly, Act 270 of 2009 provided for further reduced actuarial payments to provide an annual 2.5% cost of living adjustment commencing at age 55.

Contributions:

According to state statute, contributions for all employers are actuarially determined each year. The District's required contribution rate for the period January 1, 2025 to December 31, 2025 was 11.00%. Employees were required to contribute 9.50% of their annual salary for the applicable period. Contributions to PERS from the District were \$136,106 for the year ended December 31, 2025.

According to state statute, PERS also receives $\frac{1}{4}$ of 1% of ad valorem taxes collected within the respective parishes, except for Orleans and East Baton Rouge parishes. PERS also receives revenue sharing funds each year as appropriated by the Legislature. Tax monies and revenue sharing monies are apportioned between Plan A and Plan B in proportion to the member's compensation. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities. The amount of non-employer contributions recognized as revenue in the government-wide governmental activities statement of activities was \$16,994 for the year ended December 31, 2025.

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Pension Assets, Pension Expense, and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

At December 31, 2025, the District reported an asset of \$163,665 for its proportionate share of the net pension liability of PERS. For PERS, the net pension asset was measured as of December 31, 2024 and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. The District's proportion of the net pension asset was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2024, the District's proportion was 0.162749% for PERS which was an decrease of .01560% from its proportion measured as of December 31, 2023.

For the year ended December 31, 2025, the District recognized pension expense(income) of \$137,702 for PERS.

At December 31, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 99,878	\$ 14,227
Changes in assumptions	-	18,009
Net difference between projected and actual earnings on pension plan investments	-	107,773
Changes in proportion and differences between Employer contributions and proportionate share of contributions	7,277	600
Employer contributions subsequent to the measurement date	136,106	-
Total	<u>\$ 243,261</u>	<u>\$ 140,609</u>

\$136,106 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (income) as follows:

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Year ended December 31:

2026	\$ 63,041
2027	148,268
2028	(163,547)
2029	(81,216)
	\$ (33,454)

Actuarial Assumptions:

A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2024 for PERS are as follows:

	<u>PERS</u>
Inflation	2.30%
Salary increases	4.75% including inflation
Investment rate of return	6.40% (net of investment expense, including inflation)

For PERS, mortality rates were based on RP-2000 Employee Mortality Table for active members; RP-2000 Healthy Annuitant Mortality Table was selected for healthy annuitants and beneficiaries; and RP-2000 Disabled Lives Mortality Table was selected for disabled annuitants.

For PERS' cost of living adjustments, the present value of future retirement benefits is based on benefits currently being paid by the Systems and includes previously granted cost of living increases. The present values do not include provisions for potential future increase not yet authorized by the Board of Trustees.

For PERS, the long-term expected rate of return on pension plan investments was determined using a triangulation method 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 2.40% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.13% for the year ended December 31, 2024. Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of December 31, 2024 are summarized in the following table:

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DECEMBER 31, 2025

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	37.0%	1.08%
Equity	47.0%	2.82%
Alternatives	15.0%	0.76%
Real Assets	1.0%	0.07%
Total	<u>100.0%</u>	<u>4.73%</u>
Inflation		<u>2.40%</u>
Expected Arithmetic Nominal Return		<u>7.13%</u>

Discount Rate:

The discount rate used to measure the total pension liability was 6.40% for PERS which is the same from the prior measurement date of December 31, 2023. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions from participating employers and non-employer contributing entities will be made at actuarially determined 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 pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate as of December 31, 2024 for PERS:

	<u>Changes in Discount Rate</u>		
		<u>Current Discount Rate</u>	
	<u>1% Decrease 5.40%</u>	<u>6.40%</u>	<u>1% Increase 7.40%</u>
Net pension liability (asset)	<u>\$ 835,235</u>	<u>\$ (163,665)</u>	<u>\$ (1,002,125)</u>

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DECEMBER 31, 2025

Pension Plan Fiduciary Net Position

PERS issued a stand-alone audit report on its financial statements for the year ended December 31, 2024. Access to the audit report can be found on the System's website: www.persla.org or on the Office of Louisiana Legislative Auditor's official website: www.lla.state.la.us.

Payables to Pension Plan

There is no payable of normal contributions to PERS at December 31, 2025.

Note 8 - Per Diem Paid Board Members -

Each member of the Board of Commissioners is eligible to receive a per diem allowance of \$100 for attending each regular or special meeting of the board, not to exceed 24 meetings in one calendar year. Per diems paid to the board members for this year were as follows:

<u>Commissioner</u>	<u>Number of Meetings</u>	<u>Amount Received</u>
Julie Dyason-Norris	7	\$ 700
Sharon Elliott	12	1,200
Karen Anderson	9	900
Terry L Bozeman	3	300
Andrea Bell	3	300
Thomas M Ferriss	8	800
Roni Juneau	11	1,100
Trevin Theriot	2	200
Ray Riley, Jr	11	<u>1,100</u>
Total		<u>\$ 6,600</u>

Note 9 - Income Taxes -

The District is exempt from all Federal and Louisiana income taxes.

Note 10 - Risk Management -

The District is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. The District has purchased commercial insurance to cover or reduce the risk of loss that might arise should one of these incidents occur. There have been no significant reductions in coverage from the prior year. No settlements were made during the current fiscal year that exceeded the District's insurance coverage.

The District's management has not purchased commercial insurance or made provision to cover or reduce the risk of loss, as a result of business interruption and certain acts of nature, like flood or earthquakes.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2025

The District also does not carry general liability insurance on the parks and playgrounds because it has been unable to obtain coverage at a cost it considers to be economically justifiable. Accordingly, management has opted to self-insure for this type of risk. The District has not had to settle or pay any claims for incidents where it was uninsured. The District does carry a general liability policy for the Fitness and Aquatics Center, Public buildings, and for any District Sponsored sports events.

Note 11 - Commitments -

On July 30, 2008, the Board of Commissioners of the District 3 voted to adopt a Resolution requesting for the Parish of Livingston to proceed with a bond issue not to exceed \$9,000,000 through the Louisiana Local Government Environmental Facilities and Community Development Authority in order to provide funds for the District to acquire, design, construct, and develop public parks, playgrounds, and recreational properties and facilities within the District. The Board of Commissioners also voted to authorize entering into a Local Service Agreement between the Parish of Livingston and the District, in accordance with the provisions of Louisiana Revised Statutes 33:1321 - 1337, which provides for financing agreements between political subdivisions. On September 23, 2008 the Board voted to authorize the sale of \$8,635,000 in bonds for the facility expansion and other costs related to the issuance of the debt. These bonds were issued on October 1, 2008 with scheduled maturities through 2038. The bonds were issued in the name of the Livingston Parish Council and are recorded on the books of the Livingston Parish Council. The Livingston Parish Council administered the construction funds as they were spent on the construction of the new recreational facilities. According to the provisions of the Local Service Agreement, the Parish agreed to deposit the proceeds of the bonds into a construction account to enable the District to finance the Projects, fund the reserve fund for the bonds and pay the cost of issuance of the bonds while the District agreed to pay the payment obligations to the Trustee, on behalf of the Parish, in accordance with the debt covenant requirements of the loan from current ad valorem tax revenues. The various projects related to this bond issue were completed during 2011.

On April 14, 2014, the Board of Commissioners of the District 3 voted to adopt a Resolution requesting for the Parish of Livingston to proceed with a bond issue not to exceed \$9,750,000 through the Louisiana Local Government Environmental Facilities and Community Development Authority in order to provide funds to refund all or a portion of the outstanding Revenue Bonds, Series 2008, and to authorize entering into a Local Service Agreement between the Parish of Livingston and the District, in accordance with the provisions of Louisiana Revised Statutes 33:1321 - 1337, which provides for financing agreements between political subdivisions. On June 19, 2014, the Livingston Parish Council issued \$9,195,000 Local Government Environmental Facilities and Community Development Authority Revenue Refunding Bonds (Livingston Parish, Louisiana – North Park Project), Series 2014 for the purpose of refunding a portion of the 2008 Series Bonds maturing in the years 2025-2038 (including all sinking fund payments associated therewith), funding the Reserve Fund for the Bonds, and paying the costs of issuance of the Bonds. The net proceeds of \$8,918,119 were used

**RECREATION DISTRICT NO. 3 OF
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2025

to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2008 Series bonds. As a result, \$7,140,000 of the 2008 Series Bonds were considered in-substance defeased and the District no longer has a commitment for the defeased portion of 2008 Series Bonds. At December 31, 2025, there are no defeased bonds outstanding.

For the year ended December 31, 2025, a total of \$644,515 was paid by the District to the Livingston Parish Council for sinking fund payments. As of December 31, 2025, a total of \$7,571,700 is outstanding and due to the Livingston Parish Council and is anticipated to be paid to the trustee on behalf of the Livingston Parish Council by the District by the end of 2038 as provided by the Local Service Agreements.

For the Series 2014 Bonds, the annual requirements of principal and interest and for sinking fund payments from operations per the Local Service Agreements are as follows:

<u>Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Annual Sinking Fund Requirements</u>
2026	\$ 390,000	\$ 253,465	\$ 643,465	\$ 643,705
2027	405,000	239,425	644,425	644,530
2028	420,000	224,845	644,845	644,815
2029	435,000	209,725	644,725	644,560
2030	450,000	194,065	644,065	644,565
2031-2035	2,545,000	684,195	3,229,195	3,228,475
2036-2038	1,785,000	148,420	1,933,420	1,772,624
	<u>\$ 6,430,000</u>	<u>\$ 1,954,140</u>	<u>\$ 8,384,140</u>	8,223,274
Less:				
Contribution to Debt				
Service Reserve Fund				(651,574)
Total Remaining Commitment				<u>\$7,571,700</u>

Note 12 - Schedule of Compensation, Benefits and Other Payments to Agency Head -

In accordance with Louisiana Revised Statute 24:513A, the following is a Schedule of Compensation and Benefits received by Gary Templeton, Recreation District No. 3 Superintendent, who was the acting agency head for the year ended December 31, 2025:

	<u>Gary Templeton</u>
Salary	\$ 90,862
Benefits - Insurance	8,832
Benefits - Retirement	<u>9,995</u>
Total Compensation	<u>\$ 109,689</u>

**RECREATION DISTRICT NO. 3 OF
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2025

Note 13 - Current Accounting Pronouncements -

The following statements of the Governmental Accounting Standards Board will be effective for years subsequent to the District's fiscal year 2025.

1. Statement No. 103 – *Financial Reporting Model Improvements* (2026).
2. Statement No. 104 – *Disclosure of Certain Capital Assets* (2026).
3. Statement No. 105 – *Subsequent Events* (2027)

Management is currently evaluating the effects of the effects that these statements will have in its financial statements for the years ended December 31, 2026 and later.

Note 14 - Change in Accounting Principle -

The following statement of the Governmental Accounting Standards Board (GASB) is effective for the District's 2025 fiscal year. The District has adopted and implemented this statement in the preparation of the financial statements for the year ended December 31, 2025.

- During the year, the District adopted GASB Statement No. 102 - *Certain Risk Disclosures*— This new accounting standard had no material effect on the District's financial statements.

Note 15 - Subsequent Events -

Management has evaluated subsequent events and transactions for potential recognition or disclosures in the financial statements through June 8, 2026, the date which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**RECREATION DISTRICT NO. 3
OF LIVINGSTON PARISH**

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY

FOR THE YEAR ENDED JUNE 30, 2025*

<u>Fiscal Year</u>	<u>Employer's Proportion of the Net Pension (Asset) Liability</u>	<u>Employer's Proportionate Share of the Net Pension (Asset) Liability</u>	<u>Employer's Covered- Employee Payroll</u>	<u>Employer'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</u>
Parochial Employees' Retirement System of Louisiana:					
2016	0.14836%	\$ 390,534	\$ 850,654	45.91%	92.23%
2017	0.14974%	308,384	888,019	34.73%	94.15%
2018	0.15184%	(112,702)	934,592	(12.06)%	101.98%
2019	0.16088%	714,056	989,052	72.20%	88.86%
2020	0.17879%	8,416	1,133,659	0.74%	99.89%
2021	0.19004%	(333,224)	1,269,310	(26.25)%	104.00%
2022	0.17587%	(828,443)	1,179,680	(70.23)%	110.46%
2023	0.17530%	674,689	1,188,738	56.76%	91.74%
2024	0.17835%	169,913	1,277,957	13.30%	98.03%
2025	0.16275%	(163,665)	1,258,862	(13.00)%	101.97%

*The amounts presented were determined as of the calendar year-end that occurred within the fiscal year.

See independent auditor's report.

**RECREATION DISTRICT NO. 3
OF LIVINGSTON PARISH**

SCHEDULE OF CONTRIBUTIONS

FOR THE YEAR ENDED JUNE 30, 2025*

<u>Fiscal Year</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Employee Payroll</u>	<u>Contributions as a % of Covered Employee Payroll</u>
Parochial Employees' Retirement System of Louisiana:					
2016	\$ 115,622	\$ 115,622	\$ -	\$ 888,019	13.02%
2017	116,824	116,824	-	934,592	12.50%
2018	113,741	113,741	-	989,052	11.50%
2019	130,371	130,371	-	1,133,659	11.50%
2020	155,491	155,491	-	1,269,310	12.25%
2021	144,550	144,550	-	1,179,680	12.25%
2022	136,646	136,646	-	1,188,738	11.50%
2023	146,965	148,427	(1,462)	1,277,957	11.61%
2024	144,769	144,769	-	1,258,862	11.50%
2025	136,106	136,106	-	1,237,326	11.00%

*The amounts presented were determined as of the fiscal year.

See independent auditor's report.

**RECREATION DISTRICT NO. 3 OF
LIVINGSTON PARISH**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2025

Parochial Employees' Retirement System of Louisiana:

Changes in Actuarial Assumptions

There were no changes of benefit assumptions for the years ended December 31, 2015 through 2024.

Other changes are as follows:

Valuation Date	12/31/2024	12/31/2023	12/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015
Investment Rate of Return	6.40%	6.40%	6.40%	6.40%	6.40%	6.40%	6.50%	6.50%	6.75%	7.00%
Inflation Rate	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%	2.40%	2.40%	2.50%	2.50%
Projected Salary Increase	4.75% (2.30% Inflation, 2.45% Merit)	4.75% (2.30% Inflation, 2.45% Merit)	4.75% (2.30% Inflation, 2.45% Merit)	4.75% (2.30% Inflation, 2.45% Merit)	4.75% (2.30% Inflation, 2.45% Merit)	4.75% (2.30% Inflation, 2.45% Merit)	4.75% (2.40% Inflation, 2.35% Merit)	4.75% (2.40% Inflation, 2.35% Merit)	5.25% (2.50% Inflation, 2.75% Merit)	5.25% (2.50% Inflation, 2.75% Merit)

See independent auditor's report.

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Recreation District No. 3 of Livingston Parish
Denham Springs, 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 (*Government Auditing Standards*), the financial statements of the governmental activities and each major fund of the Recreation District No. 3 of Livingston Parish, (the District) a component unit of the Livingston Parish Council, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 8, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Respectfully submitted,

Hannis T. Bourgeois, LLP

Denham Springs, Louisiana
June 8, 2026

**RECREATION DISTRICT NO. 3 OF
LIVINGSTON PARISH**

SCHEDULE OF FINDINGS AND RESPONSES

FOR THE YEAR ENDED DECEMBER 31, 2025

A. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

• Material weaknesses identified?

_____ Yes x No

• Significant deficiencies identified?

_____ Yes x None Noted

Noncompliance material to financial statements noted?

_____ Yes x No

B. Internal Control Over Financial Reporting

None

C. Compliance and Other Matters

None

**RECREATION DISTRICT NO. 3 OF
LIVINGSTON PARISH**

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2025

A. Internal Control Over Financial Reporting

None

B. Compliance and Other Matters

None

RECREATION DISTRICT NO. 3
OF LIVINGSTON PARISH

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

DECEMBER 31, 2025

BATON ROUGE, LOUISIANA

Independent Accountant's Report
on Applying Agreed-Upon Procedures
For the Year Ended December 31, 2025

To the Board of Commissioners
Recreation District No. 3 of Livingston Parish
Denham Springs, Louisiana

To 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) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2025 through December 31, 2025. Recreation District No. 3 of Livingston Parish's (the District) management is responsible for those C/C areas identified in the SAUPs.

The District has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2025 through December 31, 2025. 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

- A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
- i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget. – **No exceptions noted.**
 - ii. ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes. – **No exceptions noted.**
 - iii. ***Disbursements***, including processing, reviewing, and approving. – **No exceptions noted.**

- iv. ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation). – **No exceptions noted.**
- v. ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules. – **No exceptions noted.**
- vi. ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process. – **No exceptions noted.**
- vii. ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers. – **No exceptions noted.**
- viii. ***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). – **No exceptions noted.**
- ix. ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy. – **No exceptions noted.**
- x. ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements. – **No exceptions noted.**
- xi. ***Information Technology Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event. – **No exceptions noted.**
- xii. ***Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting. – **No exceptions noted.**

2) Board or Finance Committee

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
- i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document. – **No exceptions noted.**
 - ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the nonprofit 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.* – **No exceptions noted.**
 - 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. – **Per review of the prior year audit report, there was no negative unrestricted net position.**
 - 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. – **No exceptions noted.**

3) Bank Reconciliations

- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
- i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged); – **No exceptions noted.**
 - 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– **No exceptions noted.**
 - 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 noted.**

4) Collections (excluding electronic funds transfers)

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5). – **No exceptions noted.**
- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if 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. – **No exceptions noted.**
 - ii. Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit. – **No exceptions noted.**
 - iii. Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit. – **No exceptions noted.**
 - iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation. – **No exceptions noted.**
- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period. – **No exceptions noted.**
- 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. – **No exceptions noted.**
 - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip. – **No exceptions noted.**
 - iii. Trace the deposit slip total to the actual deposit per the bank statement. – **No exceptions noted.**
 - iv. Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer). – **No exceptions noted.**
 - v. Trace the actual deposit per the bank statement to the general ledger. – **No exceptions noted.**

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

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5). – **No exceptions noted.**
- B. For each location selected under #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, 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/making the purchase. – **No exceptions noted.**
 - ii. At least two employees are involved in processing and approving payments to vendors. – **No exceptions noted.**
 - 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. – **No exceptions noted.**
 - 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. – **No exceptions noted.**
 - 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. – **No exceptions noted.**
- C. For each location selected under #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:
 - i. Observe whether the disbursement, whether by paper or electronic, matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity. – **No exceptions noted.**
 - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #5B, as applicable. – **No exceptions noted.**
- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements. – **No exceptions noted.**

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

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete. – **No exceptions noted.**
- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and – **No exceptions noted.**
 - ii. Observe that finance charges and late fees were not assessed on the selected statements. – **No exceptions noted.**
- C. Using the monthly statements or combined statements selected under #6B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to inspection). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny. – **No exceptions noted.**
- D. Using the list of terminated employees obtained in Payroll and Personnel procedure #9C identify those individuals who had access to cards and randomly select 5 terminated employees (or all terminated employees with card access if less than 5) from this population. Observe evidence that the cards have been deactivated for these terminated employees. In cases where a card is shared by multiple users, obtain evidence that the terminated employees' authorization has been removed. – **No exceptions noted.**

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, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
 - i. If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana (doa.la.gov/doa/ost/ppm-49-travel-guide) or the U.S. General Services Administration (www.gsa.gov). – **No exceptions noted.**

- ii. If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased. – **No exceptions noted.**
- iii. Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures #1A(vii). – **No exceptions noted.**
- iv. Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement. – **No exceptions noted.**

8) Contracts

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

9) Payroll and Personnel

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files. – **No exceptions noted.**
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #9A above, obtain attendance records and leave documentation for the pay period, and:
 - i. Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). – **No exceptions noted.**
 - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials. – **No exceptions noted.**
 - iii. Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records. – **No exceptions noted.**
 - iv. Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file. – **No exceptions noted.**

- 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, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy. – **No exceptions noted.**
- 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. – **No exceptions noted.**

10) Ethics

- A. Using the 5 randomly selected employees/officials from procedure #9A under "Payroll and Personnel" above, obtain ethics documentation from management, and:
 - i. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and – **No exceptions noted.**
 - ii. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable. – **No exceptions noted.**
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170. – **No exceptions noted.**

11) Debt Service

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution. – **No debt was issued during the current fiscal period.**
- 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 noted.**

12) Fraud Notice

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523. – **There were no misappropriations of public funds or assets noted during the fiscal period.**

- B. Observe the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds. – **No exceptions noted.**

13) Information Technology Disaster Recovery/Business Continuity

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

- A. Obtain and inspect the entity’s most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government’s local server or network, and (c) was encrypted. – **We performed the procedure and discussed the results with management.**
- B. Obtain and inspect the entity’s most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months. – **We performed the procedure and discussed the results with management.**
- C. Obtain a listing of the entity’s computers currently in use and their related locations, and management’s representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor. – **We performed the procedure and discussed the results with management.**
- D. 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. – **We performed the procedure and discussed the results with management.**
- E. 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: – **We performed the procedure and discussed the results with management.**
- 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.

14) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe 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. – **No exceptions noted.**
- B. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website). – **No exceptions noted.**
- 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 it includes the applicable requirements of R.S. 42:344: – **No exceptions noted.**
 - 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. Number of complaints which resulted in a finding that sexual harassment occurred.
 - iii. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - iv. Amount of time it took to resolve each complaint.

We were engaged by the District to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Respectfully submitted,

Hannis T. Bourgeois, LLP

Denham Springs, Louisiana
June 8, 2026