

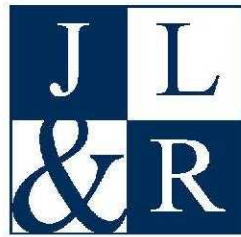
PONCHATOULA AREA RECREATION DISTRICT NO. 1
PONCHATOULA, LOUISIANA

ANNUAL FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2021

Ponchatoula Area Recreation District No. 1
Ponchatoula, Louisiana
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As of and for the Year Ended December 31, 2021

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Ponchatoula Area Recreation District No. 1 as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Ponchatoula Area Recreation District No. 1's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Ponchatoula Area Recreation District No. 1 as of December 31, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Ponchatoula Area Recreation District No. 1 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Ponchatoula Area Recreation District No. 1's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Ponchatoula Area Recreation District No. 1'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 Ponchatoula Area Recreation District No. 1's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 27 through 29 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do

not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

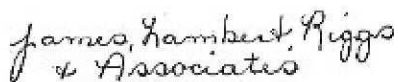
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Ponchatoula Area Recreation District No. 1's basic financial statements. The accompanying Schedule of Changes in Unsettled Deposits – Agency Fund; the Schedule of Compensation Paid Board of Commissioners; and the Schedule of Compensation, Benefits, and Other Payments to Agency Head are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Changes in Unsettled Deposits – Agency Fund; the Schedule of Compensation Paid Board of Commissioners; and the Schedule of Compensation, Benefits, and Other Payments to Agency Head are fairly stated, in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2022, on our consideration of the Ponchatoula Area Recreation District No. 1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Ponchatoula Area Recreation District No. 1's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Ponchatoula Area Recreation District No. 1's internal control over financial reporting and compliance.

Handwritten signature of James Lambert Riggs in cursive script, with "James Lambert Riggs" on the top line and "& Associates" on the bottom line.

James Lambert Riggs & Associates, Inc.
Hammond, Louisiana

June 15, 2022

Basic Financial Statements

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

Statement of Net Position

December 31, 2021

	<u>Governmental Activities</u>
Assets	
Cash and Cash Equivalents	\$ 1,463,101
Investments	55,569
Accounts Receivable, Net	2,239,453
Prepaid Expenses	79,030
Restricted Assets:	
Cash and Cash Equivalents	451,519
Cash Held in Trust	400,437
Capital Assets Not Being Depreciated:	
Construction in Progress	-
Land	1,819,453
Capital Assets, Net of Accumulated Depreciation	<u>9,477,504</u>
Total Assets	<u><u>\$ 15,986,066</u></u>
Liabilities	
Accounts Payable	\$ 21,565
Accrued Payroll	9,676
Sheriff's Pension Payable	84,905
Accrued Interest Payable	17,143
Long-Term Debt - Current	440,000
Long-Term Debt - Non-Current	<u>5,680,000</u>
Total Liabilities	<u><u>\$ 6,253,289</u></u>
Net Position	
Net Investment in Capital Assets	\$ 5,176,957
Restricted	834,813
Unrestricted	<u>3,721,007</u>
Total Net Position	<u><u>\$ 9,732,777</u></u>

The accompanying notes are an integral part of this statement.

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

Statement of Activities

For the Year Ended December 31, 2021

		Program Revenues		Net Revenue (Expense) & Changes in Net Position
	Expenses	Charges for Services	Capital Grants	Governmental Activities
Governmental Activities:				
Parks and Recreation	\$ 1,320,432	\$ -	\$ -	\$ (1,320,432)
Depreciation	384,244	-	-	(384,244)
Interest on Debt Service	212,616	-	-	(212,616)
Total Governmental Activities	<u>\$ 1,917,292</u>	<u>\$ -</u>	<u>\$ -</u>	(1,917,292)
General Revenues:				
Ad Valorem Taxes				2,167,808
State Revenue Sharing				124,302
Donations				4,000
Rental Income				15,528
Interest Income				6,319
Other Income				<u>50,087</u>
Total General Revenues				<u>2,368,044</u>
Change in Net Position				450,752
Net Position - Beginning of the Year				<u>9,282,025</u>
Net Position - End of the Year				<u>\$ 9,732,777</u>

The accompanying notes are an integral part of this statement.

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

Governmental Funds Balance Sheet

December 31, 2021

	General Fund	4-Mil Gymnasium Fund	Debt Service Fund	Total
Assets				
Cash and Cash Equivalents	\$ 1,463,101	\$ -	\$ -	\$ 1,463,101
Investments	55,569	-	-	55,569
Accounts Receivable, Net	1,625,070	614,383	-	2,239,453
Due from Other Funds	-	36,241	-	36,241
Prepaid Payroll	-	-	-	-
Restricted Assets:				
Cash and Cash Equivalents	-	450,794	725	451,519
Cash Held in Trust	397,400	3,037	-	400,437
Total Assets	\$ 3,541,140	\$ 1,104,455	\$ 725	\$ 4,646,320
Liabilities and Fund Balances				
Liabilities:				
Accounts Payable	\$ 21,565	\$ -	\$ -	\$ 21,565
Accrued Payroll	9,676	-	-	9,676
Due to Other Funds	36,241	-	-	36,241
Pension Fund Mandate Payable	60,621	24,284	-	84,905
Total Liabilities	128,103	24,284	-	152,387
Fund Balances:				
Restricted for Construction	397,400	-	-	397,400
Restricted for Debt Service	-	453,831	725	454,556
Unassigned	3,015,637	626,340	-	3,641,977
Total Fund Balances	3,413,037	1,080,171	725	4,493,933
Total Liabilities and Fund Balances	\$ 3,541,140	\$ 1,104,455	\$ 725	\$ 4,646,320

The accompanying notes are an integral part of this statement.

Ponchatoula Area Recreation District No. 1

Exhibit D

Ponchatoula, Louisiana

Reconciliation of the Governmental Funds Balance Sheet to the
Government-Wide Statement of Net Position
For the Year Ended December 31, 2021

Fund Balances - Total Governmental Funds (Exhibit C) \$ 4,493,933

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

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

Governmental Capital Assets	15,429,045
Less: Accumulated Depreciation	(4,132,088)

Prepaid Insurance at December 31, 2021	79,030
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In the statement of net position, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditures is reported when due.	(17,143)
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Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the governmental funds:

Current (Short-Term) Obligations:	
Revenue Bonds	(440,000)
Non-Current (Long-Term) Obligations:	
Revenue Bonds	<u>(5,680,000)</u>

Net Position of Governmental Activities (Exhibit A) \$ 9,732,777

The accompanying notes are an integral part of this statement.

Ponchatoula Area Recreation District No. 1Exhibit E**Ponchatoula, Louisiana**Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended December 31, 2021

	General Fund	4-Mil Gymnasium Fund	Debt Service Fund	Total
Revenues:				
Ad Valorem Taxes	\$ 1,547,953	\$ 619,855	\$ -	\$ 2,167,808
State Revenue Sharing	124,302	-	-	124,302
Donations	4,000	-	-	4,000
Rental Income	15,528	-	-	15,528
Interest Income	6,317	-	2	6,319
Other Income	50,087	-	-	50,087
Total Revenues	<u>1,748,187</u>	<u>619,855</u>	<u>2</u>	<u>2,368,044</u>
Expenditures:				
Parks and Recreation:				
Salaries and Related Benefits	752,969	-	-	752,969
Legal and Professional	27,971	-	-	27,971
Repairs & Maintenance	170,078	-	-	170,078
Telephone and Utilities	92,427	-	-	92,427
Office Expenses	79,955	-	-	79,955
Insurance	126,573	-	-	126,573
Pension Fund Mandate	60,621	24,284	-	84,905
Other	24,138	-	-	24,138
Capital Outlay	193,312	-	-	193,312
Debt Service	-	638,552	-	638,552
Total Expenditures	<u>1,528,044</u>	<u>662,836</u>	<u>-</u>	<u>2,190,880</u>
Excess / (Deficiency) of				
Revenues over Expenditures	220,143	(42,981)	2	177,164
Fund Balance - Beginning of the Year	<u>3,192,894</u>	<u>1,123,152</u>	<u>723</u>	<u>4,316,769</u>
Fund Balance - End of the Year	<u>\$ 3,413,037</u>	<u>\$ 1,080,171</u>	<u>\$ 725</u>	<u>\$ 4,493,933</u>

The accompanying notes are an integral part of this statement.

Ponchatoula Area Recreation District No. 1
Ponchatoula, Louisiana

Exhibit F

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and
Changes in Fund Balance to the Government-Wide Statement of Activities
For the Year Ended December 31, 2021

Net Change in Fund Balances - Total Governmental Funds (Exhibit E)	\$ 177,164
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Amounts reported for governmental activities in the statement of activities are different because:

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

Capital Outlay	193,312
Depreciation Expense	(384,244)

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

Prior Year Prepaid Insurance	(40,446)
Current Year Prepaid Insurance	79,030

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

Prior Year Accrued Interest	18,079
Current Year Accrued Interest	(17,143)

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

Repayments of Long-Term Debt	<u>425,000</u>
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Change in Net Position of Governmental Activities (Exhibit B)	<u>\$ 450,752</u>
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The accompanying notes are an integral part of this statement.

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

Statement of Fiduciary Net Position

December 31, 2021

	PARD Sports Program
Assets	
Cash and Cash Equivalents	\$ 24,657
Total Assets	<u>\$ 24,657</u>
Liabilities	
Due to Others	\$ 24,657
Total Liabilities	<u>\$ 24,657</u>
Total Net Position	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

Ponchatoula Area Recreation District No. 1

Ponchatoula, Louisiana

Notes to Financial Statements

For the Year Ended December 31, 2021

Narrative Profile

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

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

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

1. Summary of Significant Accounting Policies

A. Basis of Presentation

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

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

B. Financial Reporting Entity

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

Ponchatoula Area Recreation District No. 1

Ponchatoula, Louisiana

Notes to Financial Statements (Continued)

For the Year Ended December 31, 2021

C. Fund Accounting

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

Governmental Funds

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

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

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

Debt Service Fund – accounts for the receipt and disbursement of funds required to service any future outstanding bonded indebtedness.

Fiduciary Fund

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

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

D. Measurement Focus / Basis of Accounting

Basic Financial Statements – Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. These statements include all the non-fiduciary activities of the District with most of the interfund activities removed. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance

Ponchatoula Area Recreation District No. 1
Ponchatoula, Louisiana

Notes to Financial Statements (Continued)
For the Year Ended December 31, 2021

with the requirements of GASB Statement No 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

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

Basic Financial Statements – Governmental Funds

The amounts reflected in the General Fund, 4-Mil Gymnasium Special Revenue Fund, and Debt Service Fund are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of the District's operations.

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

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

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

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

Ponchatoula Area Recreation District No. 1
Ponchatoula, Louisiana

Notes to Financial Statements (Continued)
For the Year Ended December 31, 2021

E. Budgets and Budgetary Accounting

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

1. The District adopts a budget each year for the general fund and special revenue funds, if applicable.
2. The Chairman prepares a proposed budget and submits it to the Board of Commissioners for consideration no later than fifteen days prior to the beginning of each fiscal year. At the same time, if total proposed expenditures are \$500,000 or more, a notice of public hearing on the proposed budget must be published in the official journal.
3. All action necessary to adopt and implement the budget must be completed prior to the beginning of the fiscal year. A hearing on the proposed budget was held on November 19, 2020. The budget was adopted on December 17, 2020.
4. Budgetary amendments involving the transfer of funds from one program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board. The budget was amended on December 13, 2021.
5. The budgets are integrated into the accounting system, and the budgetary data, as presented in the financial statements for all funds with annual budgets, compare the expenditures with the amended budgets. All budgets are presented on the modified accrual basis of accounting. Accordingly, the Budgetary Comparison Schedule for the General Fund presents actual expenditures in accordance with the accounting principles generally accepted in the United States of America on a basis consistent with the legally adopted budgets as amended. Unexpended appropriations on annual budgets lapse at the end of each fiscal year.

F. Deposits and Investments

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

G. Allowance for Uncollectible Accounts

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

Ponchatoula Area Recreation District No. 1

Ponchatoula, Louisiana

Notes to Financial Statements (Continued)

For the Year Ended December 31, 2021

H. Inventory

The District utilizes the “purchase method” of accounting for supplies, whereby expendable operating supplies are recognized as expenditures when purchased. The District did not record any inventory at December 31, 2021, as the amount is immaterial.

I. Prepaid Items

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

J. Capital Assets

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

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

K. Deferred Outflows and Inflows of Resources

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

L. Long-Term Obligations

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

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

Ponchatoula Area Recreation District No. 1

Ponchatoula, Louisiana

Notes to Financial Statements (Continued)

For the Year Ended December 31, 2021

M. Compensated Absences

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

Sick Leave

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

Vacation Leave

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

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

N. Net Position

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

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

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

O. Fund Balance

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

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

Ponchatoula Area Recreation District No. 1

Ponchatoula, Louisiana

Notes to Financial Statements (Continued)

For the Year Ended December 31, 2021

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

The District considers restricted fund balances to be spent for governmental expenditures first when both restricted and unrestricted resources are available.

P. Estimates

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

2. Stewardship, Compliance, and Accountability

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and all Special Revenue Funds. All annual appropriations lapse at year-end. See Note 1-E for the procedures the District follows regarding budgets and budgetary accounting. The District complied with the Louisiana Local Government Budget Act in adopting and amending its budget for the year ended December 31, 2021.

B. Deposits and Investment Laws and Regulations

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

C. Deficit Fund Equity

As of December 31, 2021, no District funds had deficit fund balances.

Ponchatoula Area Recreation District No. 1

Ponchatoula, Louisiana

Notes to Financial Statements (Continued)

For the Year Ended December 31, 2021

3. Deposits and Investments

As reflected on Exhibit A, the District has cash totaling \$2,315,057 (of which \$851,956 is restricted) and investments totaling \$55,569 at December 31, 2021. As reflected on Exhibit G, the District is holding cash totaling \$24,657 for fiduciary purposes at December 31, 2021.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. The District does not have a deposit policy for custodial credit risk. The following is a summary of cash and investments (bank balances) at December 31, 2021, with the related federal deposit insurance and pledged securities:

Bank Balances:

Insured (FDIC Insurance)	\$ 250,000
Uninsured and Collateralized:	
Collateral held by pledging bank's trust department not in the District's name	1,929,584
Uninsured and Uncollateralized	-
Total Deposits	<u>\$ 2,179,584</u>

The \$400,437 shown as "Cash Held in Trust" represents the remaining cash proceeds from the sale of the \$3,310,000 Series 2018 Revenue Bonds. These funds are currently being held by Hancock Whitney Bank on behalf of the District. Hancock Whitney Bank maintains adequate insurance and collateral on these funds.

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

At December 31, 2021, the District's investment balance was as follows:

	Reported Amount	Fair Value
Louisiana Asset Management Pool	<u>\$ 55,569</u>	<u>\$ 55,569</u>

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

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

Ponchatoula Area Recreation District No. 1

Ponchatoula, Louisiana

Notes to Financial Statements (Continued)

For the Year Ended December 31, 2021

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

Credit Risk: LAMP is rated AAAm by Standard & Poor's.

Custodial Credit Risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.

Concentration of Credit Risk: Pooled investments are excluded from the 5% disclosure requirement.

Interest Rate Risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating / variable rate investments. The WAM for LAMP's total investments was 58 days as of December 31, 2021.

Foreign Currency Risk: Not applicable to 2a7-like pools.

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

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

LAMP, Inc., issues an annual publicly available financial report that includes financial statements and required supplementary information for LAMP, Inc. That report may be obtained by writing to LAMP, Inc., 228 St. Charles Avenue, Suite 1123, New Orleans, Louisiana 70130, or by calling (800) 249-5267.

4. Receivables

Receivables represent revenues earned in 2021 and received in 2022 as follows:

	General Fund	4-Mil Gymnasium Fund	Debt Service Fund	Total
Tangipahoa Parish Sheriff:				
Ad Valorem Taxes	\$ 1,565,002	\$ 626,921	\$ -	\$ 2,191,923
State Revenue Sharing	82,868	-	-	82,868
Other Receivables	8,500	-	-	8,500
Less: Allowance for Uncollectible	(31,300)	(12,538)	-	(43,838)
Accounts Receivable, Net	<u>\$ 1,625,070</u>	<u>\$ 614,383</u>	<u>\$ -</u>	<u>\$ 2,239,453</u>

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

Notes to Financial Statements (Continued)

For the Year Ended December 31, 2021

5. Capital Assets

Capital assets and depreciation activity as of and for the year ended December 31, 2021, are as follows:

	Balance 01/01/21	Increases	Decreases	Balance 12/31/21
Capital Assets not Depreciated:				
Construction in Progress	\$ 2,811,989	\$ 65,938	\$ 2,877,927	\$ -
Land	1,819,453	-	-	1,819,453
Total Capital Assets not Depreciated	4,631,442	65,938	2,877,927	1,819,453
Other Capital Assets:				
Buildings	5,834,283	2,896,807	-	8,731,090
Land Improvements	3,957,462	90,287	-	4,047,749
Equipment	812,547	18,206	-	830,753
Total Other Capital Assets	10,604,292	3,005,300	-	13,609,592
Less Accumulated Depreciation:				
Buildings	1,469,193	188,952	-	1,658,145
Land Improvements	1,607,945	155,820	-	1,763,765
Equipment	670,706	39,472	-	710,178
Total Accumulated Depreciation	3,747,844	384,244	-	4,132,088
Other Capital Assets, Net	6,856,448	2,621,056	-	9,477,504
Totals	\$ 11,487,890	\$ 2,686,994	\$ 2,877,927	\$ 11,296,957

Depreciation expense of \$384,244 for the year ended December 31, 2021, was charged to the governmental activities.

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

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

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

Notes to Financial Statements (Continued)

For the Year Ended December 31, 2021

6. Long-Term Debt

The following is a summary of changes in long-term debt for the year ended December 31, 2021:

Type of Debt	Balance at 01/01/21	Debt Issued	Debt Retired	Balance at 12/31/21	Due Within One Year
Series 2015 \$4,030,000					
Revenue Bonds	\$ 3,775,000	\$ -	\$ 140,000	\$ 3,635,000	\$ 145,000
Series 2018 \$3,310,000					
Revenue Bonds	2,770,000	-	285,000	2,485,000	295,000
	<u>\$ 6,545,000</u>	<u>\$ -</u>	<u>\$ 425,000</u>	<u>\$ 6,120,000</u>	<u>\$ 440,000</u>

As of December 31, 2021, long-term debt of the District consisted of the following:

Revenue Bonds:

\$4,030,000 Limited Tax Refunding Bonds, Series 2015 dated December 23, 2015;

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

\$ 3,635,000

\$3,310,000 Limited Tax Refunding Bonds, Series 2018 dated August 23, 2018;

Due in annual installments of \$55,000 - \$330,000 through June 1, 2039; With interest at variable rates (Payable from a pledge and dedication of the proceeds of the 30-year, 4 mil ad valorem tax).

\$ 2,485,000

Payments of Revenue Bond principal and interest are secured primarily by a pledge and dedication of the proceeds of the ten (10.00) mills, ten year property tax initially approved by voters in the District on July 16, 2005 (and renewed on November 4, 2014), and the four (4.00) mills, thirty year property tax approved by the voters in the District on November 4, 2008.

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

Notes to Financial Statements (Continued)

For the Year Ended December 31, 2021

The annual requirements to amortize all debt outstanding at December 31, 2021, including interest payments of \$1,813,331 are as follows:

Year Ended December 31,	\$4,030,000 Revenue Bonds	\$3,310,000 Revenue Bonds	Total
2022	\$ 272,775	\$ 368,675	\$ 641,450
2023	278,275	364,750	643,025
2024	278,550	360,675	639,225
2025	273,750	366,300	640,050
2026	273,050	366,550	639,600
2027 - 2031	1,382,463	434,276	1,816,739
2032 - 2036	1,368,786	452,939	1,821,725
2037 - 2039	817,866	273,651	1,091,517
	4,945,515	2,987,816	7,933,331
Less: Interest Portion	1,310,515	502,816	1,813,331
	<u>\$ 3,635,000</u>	<u>\$ 2,485,000</u>	<u>\$ 6,120,000</u>

7. Ad Valorem Taxes

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

General Fund	10.00 Mils
4-Mil Gymnasium Fund	4.00 Mils

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

The Tangipahoa Parish Sheriff bills and collects property taxes for the District using the assessed values determined by the Tax Assessor of Tangipahoa Parish. For the year ended December 31, 2021, taxes were levied on property with taxable assessed valuations totaling \$1,565,002.

Total taxes levied were \$2,191,923. At December 31, 2021, the ad valorem tax receivable was \$2,191,923 and the state revenue sharing receivable was \$82,068. Ad valorem taxes receivable at December 31, 2021, are recorded net of a 2% allowance for uncollectible taxes.

Ponchatoula Area Recreation District No. 1

Ponchatoula, Louisiana

Notes to Financial Statements (Continued)

For the Year Ended December 31, 2021

8. Tax Abatements

The Louisiana Industrial Ad Valorem Tax Exemption Program (ITEP) is an original state incentive program which offers attractive tax incentive for manufacturers within the state. The program abates, for up to ten years, local property taxes (ad valorem) on a manufacturer's new investment and annual capitalized additions related to the manufacturing site. This exemption is granted per contract with the Louisiana Department of Economic Development and will specify the buildings and / or personal property items covered by the exemption. There are currently forty (66) tax abatements in Tangipahoa Parish, related to fifteen (17) companies, under the Louisiana ITEP. For the 2021 calendar year, estimated forgone ad valorem taxes due to this abatement program was \$23,594 for the District.

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

Proceeds of the 10 year special tax of 10 mils on the dollar of assessed valuation on all property subject to taxation in the District (2021 collections \$1,565,002) are dedicated for the purpose of acquiring, constructing, improving, maintaining, and / or operating recreational facilities and activities in and for the District.

Proceeds of the 30 year special tax of 4 mils on the dollar of assessed valuation on all property subject to taxation in the District (2021 collections \$626,921) are dedicated for the purpose of providing funds to acquire, improve, and equip a multipurpose gymnasium facility and other recreation facilities within the District; to pay the operation and maintenance costs and expenses in connection therewith; and to authorize the funding of the proceeds of said tax into bonds.

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

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

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

As of December 31, 2021, the District was in compliance with all bond covenants.

Ponchatoula Area Recreation District No. 1

Ponchatoula, Louisiana

Notes to Financial Statements (Continued)

For the Year Ended December 31, 2021

10. Deferred Compensation Plan

The District maintains an Oppenheimer Funds SIMPLE IRA plan under Section 408 of the Internal Revenue Code. Under the plan, qualified employees may defer up to \$13,000 of their salary. The District will match up to 3% of the employee's salary. The District's contributions totaled \$12,625 during the year ended December 31, 2021.

11. Litigation

There is no litigation pending against the District at December 31, 2021.

12. Subsequent Event

Management has evaluated the subsequent events through the date that the financial statements were available to be issued, June 15, 2022. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Required Supplemental Information:
Budgetary Comparison Schedules

Ponchatoula Area Recreation District No. 1
Ponchatoula, Louisiana

Schedule 1

Budgetary Comparison Schedule – General Fund
For the Year Ended December 31, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Final Budget Variance - Favorable / (Unfavorable)</u>
Revenues:				
Ad Valorem Taxes	\$ 1,475,000	\$ 1,475,000	\$ 1,547,953	\$ 72,953
State Revenue Sharing	115,000	122,037	124,302	2,265
Donations	20,000	20,000	4,000	(16,000)
Rental Income	30,000	30,000	15,528	(14,472)
Other Income	12,000	26,325	56,425	30,100
Total Revenues	<u>1,652,000</u>	<u>1,673,362</u>	<u>1,748,208</u>	<u>74,846</u>
Expenditures:				
Parks and Recreation:				
Salaries & Related Benefits	921,000	879,900	752,969	126,931
Legal and Professional	30,000	30,000	27,971	2,029
Repairs & Maintenance	190,000	190,000	170,078	19,922
Telephone and Utilities	90,000	90,000	92,427	(2,427)
Office Expenses	70,000	72,300	79,955	(7,655)
Insurance	95,000	136,100	126,573	9,527
Pension Fund Mandate	55,000	55,000	60,621	(5,621)
Other	32,600	30,300	24,138	6,162
Capital Outlay	150,000	150,000	193,312	(43,312)
Bond Closing Cost	-	-	-	-
Total Expenditures	<u>1,633,600</u>	<u>1,633,600</u>	<u>1,528,044</u>	<u>105,556</u>
Excess / (Deficiency) of				
Revenues over Expenditures	18,400	39,762	220,164	180,402
Fund Balance - Beginning of the Year	<u>3,192,894</u>	<u>3,192,894</u>	<u>3,192,894</u>	<u>-</u>
Fund Balance - End of the Year	<u>\$ 3,211,294</u>	<u>\$ 3,232,656</u>	<u>\$ 3,413,058</u>	<u>\$ 180,402</u>

See independent auditor's report

Ponchatoula Area Recreation District No. 1Schedule 2**Ponchatoula, Louisiana**

Budgetary Comparison Schedule – 4-Mil Gymnasium Fund
For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Final Budget Variance - Favorable / (Unfavorable)
Revenues:				
Ad Valorem Taxes	\$ 600,000	\$ 578,901	\$ 619,855	\$ 40,954
Total Revenues	600,000	578,901	619,855	40,954
Expenditures:				
Parks and Recreation:				
Office Expenses	-	-	-	-
Pension Fund Mandate	20,000	21,000	24,284	(3,284)
Debt Service	638,725	696,270	638,552	57,718
Total Expenditures	658,725	717,270	662,836	54,434
Excess / (Deficiency) of				
Revenues over Expenditures	(58,725)	(138,369)	(42,981)	95,388
Fund Balance:				
Beginning of the Year	1,123,152	1,123,152	1,123,152	-
End of the Year	\$ 1,064,427	\$ 984,783	\$ 1,080,171	\$ 95,388

See independent auditor's report

Ponchatoula Area Recreation District No. 1Schedule 3**Ponchatoula, Louisiana****Budgetary Comparison Schedule – Debt Service Fund
For the Year Ended December 31, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Favorable / (Unfavorable)</u>
Revenues:				
Other Income	\$ -	\$ -	\$ 2	\$ 2
Total Revenues	-	-	2	2
Expenditures:				
Debt Service	-	-	-	-
Total Expenditures	-	-	-	-
Change in Fund Balances	-	-	2	2
Fund Balance:				
Beginning of the Year	723	723	723	-
End of the Year	<u>\$ 723</u>	<u>\$ 723</u>	<u>\$ 725</u>	<u>\$ 2</u>

See independent auditor's report

Other Supplemental Information

Ponchatoula Area Recreation District No. 1Schedule 4**Ponchatoula, Louisiana****Schedule of Changes in Unsettled Deposits – Agency Fund
For the Year Ended December 31, 2021**

Unsettled Deposits - Beginning of the Year	\$	16,944
Additions:		
Deposits:		
Online Registrations		68,911
Interest		<u>126</u>
Total Additions		69,037
Reductions:		
Ponchatoula Youth Baseball/Softball		57,084
Ponchatoula Basketball Association		927
Ponchatoula Youth Volleyball		1,068
Online Processing Fees		<u>2,245</u>
Total Reductions		<u>61,324</u>
Unsettled Deposits - End of the Year	\$	<u>24,657</u>

See independent auditor's report.

Ponchatoula Area Recreation District No. 1
Ponchatoula, Louisiana

Schedule 5

Schedule of Compensation Paid Board Members
For the Year Ended December 31, 2021

<u>Name and Address</u>	<u>Position</u>	<u>Salary</u>	<u>Term Expires</u>
Greg Fletcher 618 W. Willow Ponchatoula, LA 70454	Chairman	-	April 2023
Roger Kennedy 39092 Dutch Lane Ponchatoula, LA 70454	Commissioner	-	April 2025
Patricia Landaiche 13108 East Coles Creek Loop Hammond 70403	Commissioner	-	April 2026
Terry Byers 40271 Byers Rd Ponchatoula, LA 70454	Commissioner	-	April 2022
Marshall Graves 507 North 3rd St. Ponchatoula, LA 70454	Commissioner	-	April 2024
		<u>\$ -</u>	

See independent auditor's report.

Ponchatoula Area Recreation District No. 1Schedule 6**Ponchatoula, Louisiana**

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

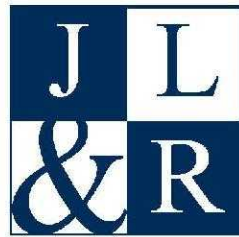
For the Year Ended December 31, 2021

Agency Head: Paul Jacob Stevens, Park Director

Purpose	Amount
Salary	\$ 81,510
Benefits - Insurance	10,217
Benefits - Retirement	2,446
Deferred Compensation	-
Benefits - Other - Supplemental Pay	-
Car Allowance	-
Vehicle Provided by Government	-
Vehicle Rental	-
Cell Phone	-
Dues	-
Per Diem	-
Reimbursements	-
Travel	-
Registration Fees	-
Conference Travel	-
Housing	-
Unvouchered Expenses	-
Special Meals	-
Other	-
	<u>\$ 94,173</u>

See independent auditor's report.

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



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Ponchatoula Area Recreation District No. 1, as of for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Ponchatoula Area Recreation District No. 1's basic financial statements, and have issued our report thereon dated June 15, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Ponchatoula Area Recreation District No. 1's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Ponchatoula Area Recreation District No. 1's internal control. Accordingly, we do not express an opinion on the effectiveness of the Ponchatoula Area Recreation District No. 1's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a deficiency in internal control, described in the accompanying schedule of current year findings, recommendations, and responses as item 2021-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Ponchatoula Area Recreation District No. 1's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions

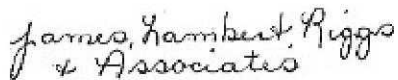
was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Government Auditing Standards requires the auditor to perform limited procedures on the Ponchatoula Area Recreation District No. 1's response to the findings identified in our audit is described in the accompanying schedule of current year findings, recommendations, and responses. The Ponchatoula Area Recreation District No. 1's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

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

James Lambert Riggs & Associates, Inc.
Hammond, Louisiana

June 15, 2022

Ponchatoula Area Recreation District No. 1

Ponchatoula, Louisiana

Schedule of Current Year Findings, Recommendations, and Responses

For the Year Ended December 31, 2021

We have audited, in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Ponchatoula Area Recreation District No. 1 as of and for the year ended December 31, 2021, 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 15, 2022. Our audit of the basic financial statements resulted in an unmodified opinion.

Section I Summary of Auditor's Reports

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

Internal Control:

Material Weakness	<u>X</u>	Yes	<u> </u>	No
Significant Deficiencies	<u> </u>	Yes	<u>X</u>	No

Compliance:

Compliance Material to the Financial Statements	<u> </u>	Yes	<u>X</u>	No
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2. Management Letter

Was a management letter issued?	<u> </u>	Yes	<u>X</u>	No
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Section II Financial Statement Findings

Internal Control over Financial Reporting

2021-001 – Financial Statement Preparation

Condition:

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

This condition was also noted in the prior year.

Criteria:

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

Ponchatoula Area Recreation District No. 1
Ponchatoula, Louisiana
Schedule of Current Year Findings, Recommendations, and Responses
For the Year Ended December 31, 2021

Cause:

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

Effect:

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

Recommendation:

We recommend no action be taken.

Management's Response:

See the attached management response letter.

Compliance and Other Matters

None

Ponchatoula Area Recreation District No. 1

Ponchatoula, Louisiana

Schedule of Prior Year Findings, Recommendations, and Responses
For the Year Ended December 31, 2021

<u>Ref #</u>	<u>Fiscal Year Findings Initially Occurred</u>	<u>Description of Findings</u>	<u>Corrective Action Taken</u>
<u>Internal Control over Financial Reporting</u>			
2020-001	December 31, 2020	Financial Statement Preparation	None
<u>Compliance and Other Matters</u>			
None			

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



Ponchatoula Area Recreation District No. 1

**19030 Ponchatoula Park Drive • Ponchatoula, LA 70454
985-370-7273 • Fax 985-370-7270
www.pard1.com**

June 20, 2022

James Lambert Riggs & Associates, Inc.

Post Office Drawer 369

Hammond, LA 70404

Dear Mr. Paul Riggs:

In response to the Audit Report by James Lambert Riggs & Associates of the Ponchatoula Area Recreation District No. 1 for the Year Ended December 31, 2021:

Section II Financial Statement Findings

Financial Statement Preparation

The Internal Control over the Financial Reporting is due to the size of the organization and limited number of employees, all of which lack specialized training in auditing standards. Management has chosen to engage auditors to prepare annual financial statements and year-end adjustments.

Thank you for your response.

Sincerely,

P. Jacob Stevens, Park Manager

Ponchatoula Area Recreation District #1

PONCHATOULA AREA RECREATION DISTRICT NO. 1
PONCHATOULA, LOUISIANA

STATEWIDE AGREED UPON PROCEDURES ENGAGEMENT

FOR THE YEAR ENDED DECEMBER 31, 2021

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



JAMES
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Society of Louisiana CPAs

Independent Accountants' Report on Applying Agreed-Upon Procedures

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

Louisiana Legislative Auditor
Baton Rouge, Louisiana

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2021 through December 31, 2021. The Ponchatoula Area Recreation District No. 1 (the "District") management is responsible for those C/C areas identified in the SAUPs.

The District has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2021 through December 31, 2021. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

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

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

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

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

James Lambert Riggs
& Associates

James Lambert Riggs & Associates, Inc.
Hammond, Louisiana

June 15, 2022

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - **Results:** No exceptions were noted as a result for the above listed procedures.
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.
 - **Results:** Policy does not include (2) how vendors are added to the vendor list.
 - c) ***Disbursements***, including processing, reviewing, and approving.
 - **Results:** No exceptions were noted as a result for the above listed procedures.
 - d) ***Receipts / Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
 - **Results:** No exceptions were noted as a result for the above listed procedures.
 - e) ***Payroll / Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
 - **Results:** Policy does not include (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
 - f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
 - **Results:** No exceptions were noted as a result for the above listed procedures.
 - g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
 - **Results:** No exceptions were noted as a result for the above listed procedures.

- h) ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- **Results:** No exceptions were noted as a result for the above listed procedures.
- i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- **Results:** No exceptions were noted as a result for the above listed procedures.
- j) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure / EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- **Results:** No exceptions were noted as a result for the above listed procedures.
- k) ***Information Technology Disaster Recovery / Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing / verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches / updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- **Results:** No exceptions were noted as a result for the above listed procedures.
- l) ***Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.
- **Results:** Policy does not include (2) annual employee training and (3) annual reporting requirements.

Board or Finance Committee

2. Obtain and inspect the board / finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
- a) Observe that the board / finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
- **Results:** No exceptions were noted as a result for the above listed procedures.
- b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget- to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the 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.*
- **Results:** No exceptions were noted as a result for the above listed procedures.

- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

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

Bank Reconciliations

3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);

- **Results:** One bank account selected for testing was not reconciled within two months of the statement closing date.

- b) Bank reconciliations include evidence that a member of management / board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

- **Results:** One bank account selected did not have evidence of management / board member review.

- c) Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

- **Results:** Two bank accounts selected had outstanding items for more than 12 months from the statement closing date and no research on these items was performed by management.

Collections (excluding electronic funds transfers)

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash / checks / money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

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

c) Trace the deposit slip total to the actual deposit per the bank statement.

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

d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

- **Results:** No documentary evidence on when a revenue source has been collected to tell if the deposit of funds was made within one business day.

e) Trace the actual deposit per the bank statement to the general ledger.

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

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

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

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

b) At least two employees are involved in processing and approving payments to vendors.

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

c) The employee responsible for processing payments is prohibited from adding / modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

- **Results:** The employee responsible for processing payments is not prohibited from adding / modifying vendor files.

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

- **Results:** One of the check signors is an employee that mails the signed checks for payment.

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

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:
- a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
 - **Results:** No exceptions were noted as a result for the above listed procedures.
 - b) Observe whether the disbursement documentation included evidence (e.g., initial / date, electronic logging) of segregation of duties tested under #9, as applicable.
 - **Results:** No exceptions were noted as a result for the above listed procedures.

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

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

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

14. 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:
- a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - **Results:** No exceptions were noted as a result for the above listed procedures.
 - b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - **Results:** No exceptions were noted as a result for the above listed procedures.
 - c) Observe each reimbursement is supported by documentation of the business / public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - **Results:** No exceptions were noted as a result for the above listed procedures.
 - d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.
 - **Results:** No exceptions were noted as a result for the above listed procedures.

Contracts

15. Obtain from management a listing of all agreements / contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - **Results:** No exceptions were noted as a result for the above listed procedures.
 - b) Observe whether the contract was approved by the governing body / board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
 - **Results:** No exceptions were noted as a result for the above listed procedures.

- c) 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).

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

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

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

Payroll and Personnel

16. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries / pay rates in the personnel files.

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

17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and / or contract, the official should document his / her daily attendance and leave.)

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

- b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.

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

- c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

- **Results:** Two out of the five selected employees did not have documentation in the file for leave taken during the pay period.

- d) Observe the rate paid to the employees or officials agree to the authorized salary / pay rate found within the personnel file.

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

18. 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.

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

19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

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

Ethics

20. Using the 5 randomly selected employees / officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:

a) Observe whether the documentation demonstrates each employee / official completed one hour of ethics training during the fiscal period.

- **Results:** One out of the five selected employees did not complete the one hour of ethics training during the fiscal period.

b) Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

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

Debt Service

21. 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 State Bond Commission approval was obtained for each debt instrument issued.

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

22. Obtain a listing of bonds / notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond / note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

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

Fraud Notice

23. 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.

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

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

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

Information Technology Disaster Recovery / Business Continuity

25. 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 no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

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

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

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

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

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

Sexual Harassment

26. Using the 5 randomly selected employees / officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee / official completed at least one hour of sexual harassment training during the calendar year.

- **Results:** None of the five randomly selected employees completed one hour of sexual harassment training.

27. 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).

- **Results:** The entity did not have posted the sexual harassment policy and complaint procedure on the website.

28. 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:

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

- **Results:** The entity did not prepare the annual sexual harassment report for the current fiscal period.

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

- **Results:** The entity did not prepare the annual sexual harassment report for the current fiscal period.

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

- **Results:** The entity did not prepare the annual sexual harassment report for the current fiscal period.

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

- **Results:** The entity did not prepare the annual sexual harassment report for the current fiscal period.

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

- **Results:** The entity did not prepare the annual sexual harassment report for the current fiscal period.



Ponchatoula Area Recreation District No. 1

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June 16, 2022

James Lambert Riggs & Associates, Inc.
Post Office Drawer 369
Hammond, LA 70404

Statewide Agreed-Upon Procedures Response to Findings

Dear Mr. Paul Riggs:

In response to the findings reported on the control and compliance areas identified in the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures for the year ended December 31, 2021:

Written Policies & Procedures

- 1b) The District will update their written policies and procedures to include how new vendors are added to the vendor list.
- 1e) The District will also update their written policies and procedures to include how employee's pay rates are scheduled and approved.
- 1l) The District will update their sexual harassment policy to include the requirement for each employee/official to complete at least one hour of sexual harassment training during the calendar year and perform an annual sexual harassment report for the current fiscal period, dated on or before February 1.

Bank Reconciliations

- 3a) Management will reconcile all bank accounts each month and within two(2) months of the related statement closing date.
- 3b) After reconciling the bank account, management will present the reconciliation report and the associated bank statement to the Chairman of the Board for review and initialing.
- 3c) Management will document the reasoning for any outstanding items listed on the reconciliation report and make journal entries to adjust the entries dated more than 12 months from the statement closing date.

Collections

- 7d) Persons responsible for taking payments will write the date on the check when received.



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Non-Payroll Disbursements

9c) The District will include in the job duty description that the Park Manager is responsible for periodically reviewing new or modified vendor files.

9d) The employee/official responsible for signing checks will give the signed checks to another employee to mail who is not responsible for processing payments.

Payroll & Personnel

17c) Employees' attendance, time off request and leave will be properly documented.

Ethics

20a) All employees/officials will be responsible for completing one hour of ethics training during the fiscal period.

Sexual Harassment

26-28) The District will update their sexual harassment policy to include the requirement for each employee/official to complete at least one hour of sexual harassment training during the calendar year and perform an annual sexual harassment report for the current fiscal period, dated on or before February 1 and to include the number of public servants that have completed training, number of reported complaints, number of complaints resulting from a finding, number of findings that resulted in discipline action, and the amount of time took to resolve to each complaint.

Sincerely,

Shannon Aycock, Office Supervisor / Executive Secretary

Ponchatoula Area Recreation District No. 1

Jacob Stevens, Park Manager

Ponchatoula Area Recreation District No. 1