

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

ANNUAL FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2018

Ponchatoula Area Recreation District No. 1
Ponchatoula, Louisiana
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As of and for the Year Ended December 31, 2018

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Dennis E. James, CPA
Lyle E. Lambert, CPA
Paul M. Riggs, Jr., CPA

J. Bryan Ehricht, CPA
Samantha D. Wagner, CPA
Megan E. Lynch, CPA
Christie J. Barado
B. Jacob Steib
Connor J. Collura
Sharon B. Bravata
Krystal L. Waddell
Debbie G. Faust, EA



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 Financial Statements

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, 2018, 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.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective 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, 2018, 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.

Other Matters

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, 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.

Other 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 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 financial statements.

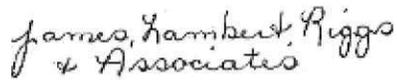
The Schedule of Changes in Unsettled Deposits – Agency Fund; the Schedule of Compensation Paid Board of Commissioners; and the Schedule of Compensation, Benefits, and Other Payments to Agency Head are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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

Ponchatoula Area Recreation District No. 1
June 27, 2019

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 27, 2019, 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.



James Lambert Riggs & Associates, Inc.
Hammond, Louisiana

June 27, 2019

Basic Financial Statements

Ponchatoula Area Recreation District No. 1
Ponchatoula, Louisiana
Statement of Net Position
December 31, 2018

Exhibit A

	Governmental Activities
Assets	
Cash and Cash Equivalents	\$ 720,087
Investments	53,962
Accounts Receivable, Net	1,993,122
Prepaid Expenses	40,446
Restricted Assets:	
Cash and Cash Equivalents	703,753
Cash Held in Trust	3,139,189
Capital Assets Not Being Depreciated:	
Construction in Progress	80,697
Land	1,819,453
Capital Assets, Net of Accumulated Depreciation	7,305,648
Total Assets	\$ 15,856,357
Deferred Outflows of Resources	
Deferred Amount on Refunding of Debt	\$ 60,434
Total Deferred Outflows of Resources	\$ 60,434
Liabilities	
Accounts Payable	\$ -
Accrued Payroll	12,031
Sheriff's Pension Payable	75,267
Accrued Interest Payable	20,021
Long-Term Debt - Current	405,000
Long-Term Debt - Non-Current	6,960,000
Total Liabilities	\$ 7,472,319
Net Position	
Net Investment in Capital Assets	\$ (59,352)
Restricted	3,778,578
Unrestricted	4,725,246
Total Net Position	\$ 8,444,472

The accompanying notes are an integral part of this statement.

Ponchatoula Area Recreation District No. 1
Ponchatoula, Louisiana
Statement of Activities
For the Year Ended December 31, 2018

Exhibit B

		Program Revenues		Net Revenue (Expense) & Changes in Net Position
	Expenses	Charges for Services	Capital Grants	Governmental Activities
Governmental Activities:				
Parks and Recreation	\$ 1,197,873	\$ -	\$ -	\$ (1,197,873)
Depreciation	365,910	-	-	(365,910)
Bond Closing Cost	103,631	-	-	(103,631)
Interest on Debt Service	323,466	-	-	(323,466)
Total Governmental Activities	\$ 1,990,880	\$ -	\$ -	(1,990,880)
 General Revenues:				
Ad Valorem Taxes				1,932,490
State Revenue Sharing				115,290
Donations				27,600
Rental Income				31,426
Interest Income				24,500
Other Income				21,192
Total General Revenues				2,152,498
 Change in Net Position				 161,618
 Net Position - Beginning of the Year				 8,282,854
Net Position - End of the Year				\$ 8,444,472

The accompanying notes are an integral part of this statement.

Ponchatoula Area Recreation District No. 1
Ponchatoula, Louisiana
 Governmental Funds Balance Sheet
 December 31, 2018

Exhibit C

	General Fund	4-Mil Gymnasium Fund	Debt Service Fund	Total
Assets				
Cash and Cash Equivalents	\$ 720,087	\$ -	\$ -	\$ 720,087
Investments	53,962	-	-	53,962
Accounts Receivable, Net	1,448,767	544,355	-	1,993,122
Due from Other Funds	-	36,116	-	36,116
Restricted Assets:				
Cash and Cash Equivalents	-	703,038	715	703,753
Cash Held in Trust	3,136,153	3,036	-	3,139,189
Total Assets	\$ 5,358,969	\$ 1,286,545	\$ 715	\$ 6,646,229
Liabilities and Fund Balances				
Liabilities:				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Accrued Payroll	12,031	-	-	12,031
Due to Other Funds	36,116	-	-	36,116
Pension Fund Mandate Payable	53,762	21,505	-	75,267
Total Liabilities	101,909	21,505	-	123,414
Fund Balances:				
Restricted for Construction	3,136,153	-	-	3,136,153
Restricted for Debt Service	-	641,710	715	642,425
Unassigned	2,120,907	623,330	-	2,744,237
Total Fund Balances	5,257,060	1,265,040	715	6,522,815
Total Liabilities and Fund Balances	\$ 5,358,969	\$ 1,286,545	\$ 715	\$ 6,646,229

The accompanying notes are an integral part of this statement.

Ponchatoula Area Recreation District No. 1
Ponchatoula, Louisiana
 Reconciliation of the Governmental Funds Balance Sheet to the
 Government-Wide Statement of Net Position
 For the Year Ended December 31, 2018

Exhibit D

Fund Balances - Total Governmental Funds (Exhibit C) **\$ 6,522,815**

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	12,243,401
Less: Accumulated Depreciation	(3,037,603)

Prepaid Insurance at December 31, 2018	40,446
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Deferred Outflows of Resources - Deferred Amount on Refunding	60,434
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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.	(20,021)
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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	(405,000)
Non-Current (Long-Term) Obligations:	
Revenue Bonds	<u>(6,960,000)</u>

Net Position of Governmental Activities (Exhibit A) **\$ 8,444,472**

The accompanying notes are an integral part of this statement.

Ponchatoula Area Recreation District No. 1
Ponchatoula, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended December 31, 2018

Exhibit E

	General Fund	4-Mil Gymnasium Fund	Debt Service Fund	Total
Revenues:				
Ad Valorem Taxes	\$ 1,380,896	\$ 551,594	\$ -	\$ 1,932,490
State Revenue Sharing	115,290	-	-	115,290
Donations	27,600	-	-	27,600
Rental Income	31,426	-	-	31,426
Interest Income	24,469	26	5	24,500
Other Income	21,192	-	-	21,192
Total Revenues	<u>1,600,873</u>	<u>551,620</u>	<u>5</u>	<u>2,152,498</u>
Expenditures:				
Parks and Recreation:				
Salaries and Related Benefits	747,554	-	-	747,554
Legal and Professional	24,619	-	-	24,619
Repairs & Maintenance	104,245	-	-	104,245
Telephone and Utilities	79,429	-	-	79,429
Office Expenses	54,379	99	-	54,478
Insurance	80,766	-	-	80,766
Pension Fund Mandate	53,762	21,505	-	75,267
Other	31,515	-	-	31,515
Capital Outlay	261,242	-	-	261,242
Bond Closing Costs	103,631	-	-	103,631
Debt Service	-	305,203	-	305,203
Total Expenditures	<u>1,541,142</u>	<u>326,807</u>	<u>-</u>	<u>1,867,949</u>
Excess / (Deficiency) of				
Revenues over Expenditures	59,731	224,813	5	284,549
Other Financing Sources / (Uses):				
Bond Proceeds	3,310,000	-	-	3,310,000
Operating Transfers In / (Out)	(3,010)	3,010	-	-
Total Other Financing	<u>3,306,990</u>	<u>3,010</u>	<u>-</u>	<u>3,310,000</u>
Sources / (Uses)				
Excess / (Deficiency) of Revenues and				
Other Sources over Expenditures and				
Other Uses	3,366,721	227,823	5	3,594,549
Fund Balance - Beginning of the Year	<u>1,890,339</u>	<u>1,037,217</u>	<u>710</u>	<u>2,928,266</u>
Fund Balance - End of the Year	<u>\$ 5,257,060</u>	<u>\$ 1,265,040</u>	<u>\$ 715</u>	<u>\$ 6,522,815</u>

The accompanying notes are an integral part of this statement.

Ponchatoula Area Recreation District No. 1

Exhibit F

Ponchatoula, Louisiana

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, 2018

Net Change in Fund Balances - Total Governmental Funds (Exhibit E) **\$ 3,594,549**

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	261,242
Depreciation Expense	(365,910)

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	40,446

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	11,889
Current Year Accrued Interest	(20,021)

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	135,000
Issuance of Series 2018 Revenue Bonds	(3,310,000)
Amortization of Deferred Amounts on Bond Refunding	<u>(145,131)</u>

Change in Net Position of Governmental Activities (Exhibit B) **\$ 161,618**

The accompanying notes are an integral part of this statement.

Ponchatoula Area Recreation District No. 1
Ponchatoula, Louisiana
Statement of Fiduciary Net Position
December 31, 2018

Exhibit G

Assets		<u>PARD Sports Program</u>
Cash and Cash Equivalents		<u>\$ 13,137</u>
Total Assets		<u><u>\$ 13,137</u></u>
Liabilities		
Due to Others		<u>\$ 13,137</u>
Total Liabilities		<u><u>\$ 13,137</u></u>
Total Net Position		<u><u>\$ -</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, 2018

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, 2018

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 the District's 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, 2018

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, 2018

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 December 14, 2017. The budget was adopted on December 14, 2017.
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 6, 2018.
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, 2018

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, 2018, 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.

The District has a deferred outflows of resources on the statement of net position that is the result of deferrals concerning bonded debt. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price.

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, 2018

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, 2018

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, 2018.

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, 2018, 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, 2018

3. Deposits and Investments

As reflected on Exhibit A, the District has cash totaling \$4,563,029 (of which \$3,842,942 is restricted) and investments totaling \$53,962 at December 31, 2018. As reflected on Exhibit G, the District is holding cash totaling \$13,137 for fiduciary purposes at December 31, 2018.

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, 2018, 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	1,175,012
Uninsured and Uncollateralized	-
Total Deposits	\$ 1,425,012

The \$3,139,189 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, 2018, the District’s investment balance was as follows:

	Reported Amount	Fair Value
Louisiana Asset Management Pool	\$ 53,962	\$ 53,962

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, 2018

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 AAA 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 30 days as of December 31, 2018.

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 2018 and received in 2019 as follows:

	General Fund	4-Mil Gymnasium Fund	Debt Service Fund	Total
Tangipahoa Parish Sheriff:				
Ad Valorem Taxes	\$ 1,387,255	\$ 554,873	\$ -	\$ 1,942,128
State Revenue Sharing	75,742	-	-	75,742
Other Receivables	12,265	-	-	12,265
Less: Allowance for Uncollectible	(26,495)	(10,518)	-	(37,013)
Accounts Receivable, Net	<u>\$ 1,448,767</u>	<u>\$ 544,355</u>	<u>\$ -</u>	<u>\$ 1,993,122</u>

Ponchatoula Area Recreation District No. 1
Ponchatoula, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended December 31, 2018

5. Capital Assets

Capital assets and depreciation activity as of and for the year ended December 31, 2018, are as follows:

	<u>Balance</u> 01/01/18	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> 12/31/18
Capital Assets not Depreciated:				
Construction in Progress	\$ -	\$ 80,697	\$ -	\$ 80,697
Land	<u>1,809,453</u>	<u>10,000</u>	<u>-</u>	<u>1,819,453</u>
Total Capital Assets not Depreciated	1,809,453	90,697	-	1,900,150
Other Capital Assets:				
Buildings	5,812,476	-	-	5,812,476
Land Improvements	3,627,729	158,287	-	3,786,016
Equipment	<u>732,501</u>	<u>12,258</u>	<u>-</u>	<u>744,759</u>
Total Other Capital Assets	10,172,706	170,545	-	10,343,251
Less Accumulated Depreciation:				
Buildings	1,021,793	145,731	-	1,167,524
Land Improvements	1,148,574	150,056	-	1,298,630
Equipment	<u>501,326</u>	<u>70,123</u>	<u>-</u>	<u>571,449</u>
Total Accumulated Depreciation	<u>2,671,693</u>	<u>365,910</u>	<u>-</u>	<u>3,037,603</u>
Other Capital Assets, Net	<u>7,501,013</u>	<u>(195,365)</u>	<u>-</u>	<u>7,305,648</u>
Totals	<u>\$ 9,310,466</u>	<u>\$ (104,668)</u>	<u>\$ -</u>	<u>\$ 9,205,798</u>

Depreciation expense of \$365,910 for the year ended December 31, 2018, 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, 2018

6. Long-Term Debt

The following is a summary of changes in long-term debt for the year ended December 31, 2018:

Type of Debt	Balance at 01/01/18	Debt Issued	Debt Retired	Balance at 12/31/18	Due Within One Year
Series 2009 \$6,160,000 Revenue Bonds	\$ 215,000	\$ -	\$ 105,000	\$ 110,000	\$ 110,000
Series 2015 \$4,030,000 Revenue Bonds	3,975,000	-	30,000	3,945,000	30,000
Series 2018 \$3,310,000 Revenue Bonds	-	3,310,000	-	3,310,000	265,000
	<u>\$ 4,190,000</u>	<u>\$ 3,310,000</u>	<u>\$ 135,000</u>	<u>\$ 7,365,000</u>	<u>\$ 405,000</u>

As of December 31, 2018, long-term debt of the District consisted of the following:

Revenue Bonds:

\$6,160,000 Revenue Bonds (Ponchatoula Area Recreation District No. 1 Project), Series 2009 dated August 11, 2009; Due in annual installments of \$105,000 - \$365,000 through March 15, 2039; With interest at variable rates. \$ 110,000

\$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). \$ 3,945,000

\$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). \$ 3,310,000

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

On December 23, 2015, the District issued \$4,030,000 Series 2015 Revenue Refunding Bonds for the purpose of refunding \$3,505,000 of the outstanding balance of the Series 2009 Revenue Bonds and interest associated with the Series 2009 Revenue Bonds. The net proceeds of \$3,923,845 (after payment of \$106,155 in costs of issuance) plus an additional \$12,158 of bond premium monies were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2009 Series bonds. This advance refunding was undertaken to decrease total debt service payments over the next 24 years by \$145,223 and resulted in an economic loss of \$966,148.

The advance refunding of the Series 2009 bonds resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$499,406, which was deferred and is being amortized over the

Ponchatoula Area Recreation District No. 1
Ponchatoula, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended December 31, 2018

remaining life of the old bonds. The difference is reported in the accompanying financial statements as a deferred outflow of resources and is being charged to operations as a component of interest expense.

The annual requirements to amortize all debt outstanding at December 31, 2018, including interest payments of \$2,488,691 are as follows:

Year Ended December 31,	\$6,160,000 Revenue Bonds	\$4,030,000 Revenue Bonds	\$3,310,000 Revenue Bonds	Total
2019	\$ 112,090	\$ 165,745	\$ 363,875	\$ 641,710
2020	-	274,150	365,775	639,925
2021	-	271,350	367,375	638,725
2022	-	272,775	368,675	641,450
2023	-	278,275	364,750	643,025
2024 - 2028	-	1,375,750	1,268,069	2,643,819
2029 - 2033	-	1,373,089	448,557	1,821,646
2034 - 2038	-	1,370,732	451,277	1,822,009
2039	-	274,894	86,488	361,382
	<u>112,090</u>	<u>5,656,760</u>	<u>4,084,841</u>	<u>9,853,691</u>
Less: Interest Portion	<u>2,090</u>	<u>1,711,760</u>	<u>774,841</u>	<u>2,488,691</u>
	<u>\$ 110,000</u>	<u>\$ 3,945,000</u>	<u>\$ 3,310,000</u>	<u>\$ 7,365,000</u>

7. Ad Valorem Taxes

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

General Fund	10.00 Mills
4-Mil Gymnasium Fund	4.00 Mills

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, 2018, taxes were levied on property with taxable assessed valuations totaling \$138,908,116.

Total taxes levied were \$1,944,714. At December 31, 2018, the ad valorem tax receivable was \$1,942,128 and the state revenue sharing receivable was \$75,742. Ad valorem taxes receivable at December 31, 2018, 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, 2018

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 sixty-six tax abatements in Tangipahoa Parish, related to 17 companies, under the Louisiana ITEP. For the District, there are currently twenty-eight tax abatements, related to 5 companies under the Louisiana ITEP. For the 2018 calendar year, estimated forgone ad valorem taxes due to this abatement program was \$33,456 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 (2018 collections \$1,389,081) 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 (2018 collections \$551,594) 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 July 28, 2009, authorizing the issuance of \$6,160,000 of Revenue Bonds (Ponchatoula Area Recreation District No. 1 Project), Series 2009, for the purpose of acquiring, designing, constructing, and equipping a multipurpose gymnasium facility and other recreational facilities 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.

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.

Ponchatoula Area Recreation District No. 1
Ponchatoula, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended December 31, 2018

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, 2018, the District was in compliance with all bond covenants.

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 \$12,000 of their salary. The District will match up to 3% of the employee's salary. The District's contributions totaled \$12,340 during the year ended December 31, 2018.

11. Litigation

There is no litigation pending against the District at December 31, 2018.

12. Subsequent Event

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 27, 2019. On May 19, 2019, the District has approved a bid to begin the construction of a new multi-purpose gymnasium facility located within the District using the proceeds of the \$3,310,000 of Revenue Bonds, Series 2018.

Required Supplemental Information:
Budgetary Comparison Schedules

Ponchatoula Area Recreation District No. 1
Ponchatoula, Louisiana
Budgetary Comparison Schedule – General Fund
For the Year Ended December 31, 2018

Schedule 1

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Final Budget Variance - Favorable / (Unfavorable)
Revenues:				
Ad Valorem Taxes	\$ 1,300,000	\$ 1,345,000	\$ 1,380,896	\$ 35,896
State Revenue Sharing	115,000	115,000	115,290	290
Donations	23,000	23,000	27,600	4,600
Rental Income	24,500	30,000	31,426	1,426
Other Income	10,800	16,000	32,107	16,107
Total Revenues	1,473,300	1,529,000	1,587,319	58,319
Expenditures:				
Parks and Recreation:				
Salaries & Related Benefits	655,760	761,760	747,554	14,206
Legal and Professional	25,000	25,000	24,619	381
Repairs & Maintenance	180,000	180,000	104,245	75,755
Telephone and Utilities	82,000	82,000	79,429	2,571
Office Expenses	65,000	69,000	54,379	14,621
Insurance	90,000	90,000	80,766	9,234
Pension Fund Mandate	46,000	46,000	53,762	(7,762)
Other	25,600	25,600	23,766	1,834
Capital Outlay	145,000	145,000	261,242	(116,242)
Bond Closing Cost	-	173,645	103,631	70,014
Total Expenditures	1,314,360	1,598,005	1,533,393	64,612
Excess / (Deficiency) of Revenues over Expenditures	158,940	(69,005)	53,926	122,931
Other Financing Sources (Uses):				
Issuance of Revenue Bonds	-	3,373,645	3,310,000	(63,645)
Operating Transfers In / (Out)	-	-	(3,010)	(3,010)
Total Other Financing Sources (Uses)	-	3,373,645	3,306,990	(66,655)
Excess / (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	158,940	3,304,640	3,360,916	56,276
Fund Balance - Beginning of the Year	1,881,278	1,881,278	1,881,278	-
Fund Balance - End of the Year	\$ 2,040,218	\$ 5,185,918	\$ 5,242,194	\$ 56,276

See independent auditor's report

Ponchatoula Area Recreation District No. 1
Ponchatoula, Louisiana
 Budgetary Comparison Schedule – 4-Mil Gymnasium Fund
 For the Year Ended December 31, 2018

Schedule 2

	<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	\$ 500,000	\$ 534,000	\$ 551,594	\$ 17,594
Total Revenues	<u>500,000</u>	<u>534,000</u>	<u>551,594</u>	<u>17,594</u>
Expenditures:				
Parks and Recreation:				
Office Expenses	50	50	99	(49)
Pension Fund Mandate	21,000	21,000	21,505	(505)
Debt Service	<u>277,205</u>	<u>311,205</u>	<u>305,203</u>	<u>6,002</u>
Total Expenditures	<u>298,255</u>	<u>332,255</u>	<u>326,807</u>	<u>5,448</u>
Excess / (Deficiency) of				
Revenues over Expenditures	201,745	201,745	224,787	23,042
Fund Balance:				
Beginning of the Year	<u>1,037,217</u>	<u>1,037,217</u>	<u>1,037,217</u>	<u>-</u>
End of the Year	<u>\$ 1,238,962</u>	<u>\$ 1,238,962</u>	<u>\$ 1,262,004</u>	<u>\$ 23,042</u>

See independent auditor's report

Ponchatoula Area Recreation District No. 1
Ponchatoula, Louisiana
 Budgetary Comparison Schedule – Debt Service Fund
 For the Year Ended December 31, 2018

Schedule 3

	<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	\$ -	\$ -	\$ 5	\$ 5
Total Revenues	-	-	5	5
Expenditures:				
Debt Service	-	-	-	-
Total Expenditures	-	-	-	-
Change in Fund Balances	-	-	5	5
Fund Balance:				
Beginning of the Year	710	710	710	-
End of the Year	<u>\$ 710</u>	<u>\$ 710</u>	<u>\$ 715</u>	<u>\$ 5</u>

See independent auditor's report

Other Supplemental Information

Ponchatoula Area Recreation District No. 1
Ponchatoula, Louisiana
Schedule of Changes in Unsettled Deposits – Agency Fund
For the Year Ended December 31, 2018

Schedule 4

Unsettled Deposits - Beginning of the Year	\$ 8,920
Additions:	
Deposits:	
Online Registrations	125,044
Interest	<u>184</u>
Total Additions	<u>125,228</u>
Reductions:	
Ponchatoula Youth Baseball/Softball	87,446
Ponchatoula Basketball Association	22,097
Ponchatoula Youth Volleyball	6,489
Online Processing Fees	<u>4,979</u>
Total Reductions	<u>121,011</u>
Unsettled Deposits - End of the Year	<u>\$ 13,137</u>

See independent auditor's report.

Ponchatoula Area Recreation District No. 1
Ponchatoula, Louisiana
 Schedule of Compensation Paid Board Members
 For the Year Ended December 31, 2018

Schedule 5

<u>Name and Address</u>	<u>Position</u>	<u>Salary</u>	<u>Term Expires</u>
Eldrid L. Palmer, Jr. 18287 Sharon Drive Ponchatoula, LA 70454	Chairman	\$ -	April 2019
Roger Kennedy 39092 Dutch Lane Ponchatoula, LA 70454	Commissioner	-	April 2020
Ronald Rocquin 11533 Spring Creek Drive Hammond, LA 70403	Commissioner	-	April 2021
Terry Byers 40271 Byers Rd Ponchatoula, LA 70454	Commissioner	-	April 2022
Greg Fletcher 618 W. Willow Ponchatoula, LA 70454	Commissioner	-	April 2023
		<u>\$ -</u>	

See independent auditor's report.

Ponchatoula Area Recreation District No. 1

Schedule 6

Ponchatoula, Louisiana

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

For the Year Ended December 31, 2018

Agency Head: Paul Jacob Stevens, Park Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 76,794
Benefits - Insurance	14,530
Benefits - Retirement	2,149
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>\$ 93,473</u>

See independent auditor's report.

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

Dennis E. James, CPA
Lyle E. Lambert, CPA
Paul M. Riggs, Jr., CPA

J. Bryan Ehricht, CPA
Samantha D. Wagner, CPA
Megan E. Lynch, CPA
Christie J. Barado
B. Jacob Steib
Connor J. Collura
Sharon B. Bravata
Krystal L. Waddell
Debbie G. Faust, EA



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



Member of
American Institute of CPAs
Society of Louisiana CPAs

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

Mr. 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, 2018, 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 27, 2019.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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.

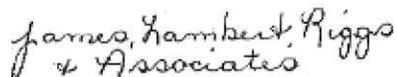
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of current year findings, recommendations, and responses that we consider to be material weaknesses and that is identified as item 2018-001.

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*.

Purpose of this Report

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



James Lambert Riggs & Associates, Inc.
Hammond, Louisiana

June 27, 2019

Ponchatoula Area Recreation District No. 1
Ponchatoula, Louisiana
 Schedule of Current Year Findings, Recommendations, and Responses
 For the Year Ended December 31, 2018

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, 2018, 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 27, 2019. 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

2018-001 – 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, 2018

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, 2018

Ref #	Fiscal Year Findings Initially Occurred	Description of Findings	Corrective Action Taken
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Internal Control over Financial Reporting

2017-001	December 31, 2017	Financial Statement Preparation	None
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Compliance and Other Matters

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 27, 2019

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

Dear Mr. Paul Riggs, CPA,

In response to the Audit Report by James Lambert Riggs & Associates of the Ponchatoula Recreation District for the Year Ended December 31, 2018:

Section II Financial Statement Findings

Financial Statement Preparation

1. Internal Control over Financial Reporting is due to the size of the organization and limited number of employees with no specialized training in auditing standards. Management chose to engage the auditors to prepare the annual financial statements and year end adjustments.

We look forward to your response.

Sincerely,

Charlotte Martin, Executive Secretary
Ponchatoula Area Recreation District No. 1

Greg Fletcher, Chairman
Ponchatoula Area Recreation District No. 1

PONCHATOULA AREA RECREATION DISTRICT No. 1
PONCHATOULA, LOUISIANA

STATEWIDE AGREED UPON PROCEDURES ENGAGEMENT

FOR THE YEAR ENDED DECEMBER 31, 2018

Dennis E. James, CPA
Lyle E. Lambert, CPA
Paul M. Riggs, Jr., CPA

J. Bryan Ehricht, CPA
Samantha D. Wagner, CPA
Megan E. Lynch, CPA
Christie J. Barado
B. Jacob Steib
Connor J. Collura
Sharon B. Bravata
Krystal L. Waddell
Debbie G. Faust, EA



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AICPA[®]
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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, which were agreed to by the Ponchatoula Area Recreation District No. 1 and the Louisiana Legislative Auditor (LLA) on the control and compliance areas identified in the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures (SAUPs) of Ponchatoula Area Recreation District No. 1 for the period January 1, 2018, through December 31, 2018. The Ponchatoula Area Recreation District No. 1's management is responsible for those control and compliance areas identified in the SAUPs. The sufficiency of these procedures is solely the responsibility of Ponchatoula Area Recreation District No. 1 and the Louisiana Legislative Auditor. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are detailed in Schedule "A"

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*, issued by the Comptroller General of the United States. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those control and compliance 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.

The purpose of this report is solely to describe the scope of testing performed on those control and compliance areas identified in the SAUPs, and the results of that testing, and not to provide an opinion on control or compliance. This report is intended solely for the information and use of Ponchatoula Area Recreation District No. 1 and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than those specified parties. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*James Lambert Riggs
& Associates*

James Lambert Riggs & Associates, Inc.
Hammond, Louisiana

June 27, 2019

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that 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: We viewed the District's policies and procedures on budgeting with no exceptions.

- b. **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

Results: We viewed the District's policies and procedures on purchasing with no exceptions.

- c. **Disbursements**, including processing, reviewing, and approving.

Results: We viewed the District's policies and procedures on disbursements with no exceptions.

- d. **Receipts / Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

Results: We viewed the District's policies and procedures on receipts/collections with no exceptions.

- e. **Payroll / Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

Results: We viewed the District's policies and procedures on payroll/personnel with no exceptions.

- f. **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

Results: We viewed the District's policies and procedures on contracting with no exceptions.

- 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: We viewed the District's policies and procedures on credit/debit/fuel cards with no exceptions.

- h. **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

Results: We viewed the District's policies and procedures on travel and expense reimbursements with no exceptions.

- i. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

Results: We viewed the District's policies and procedures on ethics with no exceptions.

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

Results: We viewed the District's policies and procedures on debt service with no exceptions.

Bank Reconciliations

2. Obtain a listing of client 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 selected each 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, electronically logged);

Results: No exceptions were noted for the above listed procedure

- 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: No exceptions were noted for the above listed procedure.

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

Results: No exceptions were noted for the above listed procedure.

Collections

3. 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).

Results: No exceptions were noted for the above listed procedure.

4. 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 that are responsible for cash collections do not share cash drawers / registers.

Results: No exceptions were noted for the above listed procedure.

- 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: Of the four employees that are able to collect cash, only one employee is able to collect cash, prepare / make bank deposits and reconcile the deposit.

- 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: Of the four employees that are able to collect cash, only one employee is responsible for posting collection entries to general ledger.

- 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 verifies the reconciliation.

Results: Of the four employees that are able to collect cash, only one employee is responsible for reconciling cash collections to the general ledger.

5. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

Results: All employees who have access to cash are covered by a insurance policy for theft.

6. 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 for the above listed procedure.

- b. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

Results: No exceptions were noted for the above listed procedure.

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

Results: No exceptions were noted for the above listed procedure.

- d. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

Results: No exceptions were noted for the above listed procedure.

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

Results: No exceptions were noted for the above listed procedure.

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

7. 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).

Results: No exceptions were noted for the above listed procedure.

8. For each location selected under #7 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 for the above listed procedure.

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

Results: No exceptions were noted for the above listed procedure.

- 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 and no other employee is responsible for periodically reviewing changes to 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: No exceptions were noted for the above listed procedure.

9. For each location selected under #7 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 that the disbursement matched the related original invoice / billing statement.

Results: No exceptions were noted for the above listed procedure.

- b. Observe that the disbursement documentation included evidence (e.g., initial / date, electronic logging) of segregation of duties tested under #8, as applicable.

Results: No exceptions were noted for the above listed procedure.

Contracts

10. 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 that 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 contracts were subject to the Louisiana Public Bid law.

- b. Observe that 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 for the above listed procedure.

- c. If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

Results: No contracts were amended during the year.

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

Results: No exceptions were noted for the above listed procedure.

Payroll and Personnel

11. Obtain a listing of employees / elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees / 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 for the above listed procedure.

12. Randomly select one pay period during the fiscal period. For the 5 employees / officials selected under #11 above, obtain attendance records and leave documentation for the pay period, and:

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

Results: No exceptions were noted for the above listed procedures.

- b. Observe that supervisors approved the attendance and leave of the selected employees / officials.

Results: No exceptions were noted for the above listed procedures.

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

Results: No exceptions were noted for the above listed procedures.

13. Obtain a listing of those employees / officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees / officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee / officials' cumulate leave records, and agree the pay rates to the employee / officials' authorized pay rates in the employee / officials' personnel files.

Results: No employees were terminated during the fiscal period.

14. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Results: No exceptions were noted for the above listed procedures.

Ethics

15. Using the 5 randomly selected employees / officials from procedure #11 under “Payroll and Personnel” above, obtain ethics documentation from management, and:

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

Results: No exceptions were noted for the above listed procedures.

- b. Observe that the documentation demonstrates each employee / official attested through signature verification that he or she has read the entity’s ethics policy during the fiscal period.

Results: No exceptions were noted for the above listed procedures.



Ponchatoula Area Recreation District No. 1

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

June 27, 2019

James Lambert Riggs & Associates, Inc.

Post Office Drawer 369

Hammond, LA 70404

Dear Mr. Riggs:

In response to the Statewide Agreed Upon Procedures Engagement For the Year Ended December 31, 2018:

Collections

Another employee will review deposits and the general ledger detail summary.

Disbursements

Another employee will approve all new vendors and review current vendor list in Quick Books.

Sincerely,

Charlotte Marin, Executive Secretary

Greg Fletcher, Chairman