

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

**ANNUAL FINANCIAL STATEMENTS**

**AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2019**

**Hammond Area Recreation District No. 1**  
**Hammond, Louisiana**  
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As of and for the Year Ended December 31, 2019

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## Independent Auditor's Report

Mr. Rob Carlisle, Chairman  
and Members of the Board of Directors  
Hammond Area Recreation District No. 1  
Hammond, LA 70404

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and the general fund of the Hammond Area Recreation District No. 1, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District'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 involves 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 and the general fund of the Hammond Area Recreation District No. 1 as of December 31, 2019, 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 page 26 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 inquires 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***

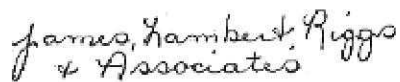
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hammond Area Recreation District No. 1's basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to Agency Head is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Compensation, Benefits, and Other Payments to Agency Head is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 Compensation, Benefits, and Other Payments to Agency Head is fairly stated, in all material respects, in relation to the financial statements as a whole.

Hammond Area Recreation District No. 1  
June 22, 2020

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2020, on our consideration of the Hammond 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 Hammond 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 Hammond Area Recreation District No. 1's internal control over financial reporting and compliance.



James Lambert Riggs & Associates, Inc.  
Hammond, Louisiana

June 22, 2020

**Basic Financial Statements –  
Government-Wide Financial Statements**

**Hammond Area Recreation District No. 1**  
**Hammond, Louisiana**  
Statement of Net Position  
December 31, 2019

Exhibit A

	Governmental Activities
<i>Assets</i>	
Cash and Cash Equivalents	\$ 967,756
Accounts Receivable, Net of Allowance for Uncollectibles	2,862,271
Restricted Assets:	
Cash Held in Trust - Revenue Bond Debt Service	6,910
Capital Assets Not Being Depreciated:	
Land	3,112,682
Construction in Progress	-
Capital Assets, Net of Accumulated Depreciation	10,839,815
Bond Issuance Costs, Net of Accumulated Amortization	123,322
Total Assets	\$ 17,912,756
<i>Deferred Outflows of Resources</i>	
Deferred Amount on Refunding of Debt	\$ 42,022
Total Deferred Outflows of Resources	\$ 42,022
<i>Liabilities</i>	
Accounts Payable	\$ 87,364
Pension Fund Mandate Payable	109,000
Accrued Interest Payable	78,867
Long-Term Debt - Current	1,310,000
Long-Term Debt - Non-Current	8,658,000
Unamortized Bond Premium	1,665
Total Liabilities	\$ 10,244,896
<i>Net Position</i>	
Net Investment in Capital Assets	\$ 3,984,497
Restricted	1,558,308
Unrestricted	2,167,077
Total Net Position	\$ 7,709,882

The accompanying notes are an integral part of this statement.

**Hammond Area Recreation District No. 1**  
**Hammond, Louisiana**  
Statement of Activities  
For the Year Ended December 31, 2019

Exhibit B

	Governmental Activities
<b>Expenses:</b>	
Parks and Recreation:	
Salaries and Related Benefits	\$ 585,441
Ground Maintenance Service	627,248
Legal & Professional	22,154
Repairs & Maintenance	205,387
Telephone & Utilities	110,331
Office Expenses	35,777
Insurance	44,064
Pension Mandate Deduction	109,000
Bad Debt Expense	15,000
Depreciation Expense	614,380
Other	65,206
Amortization of Bond Premium	(6,683)
Amortization of Bond Issuance Costs	35,852
Interest on Debt Service	464,574
Total Expenses	2,927,731
 <b>Program Revenues:</b>	
Charges for Services - Program and User Fees	379,822
Capital Grant Income	-
Total Program Revenues	379,822
Net Program (Expense) / Revenue	(2,547,909)
 <b>General Revenues:</b>	
Ad Valorem Taxes	2,965,278
Concessions Income	37,222
Sponsorships	69,780
Interest Income	11,506
Other Income	31,077
Total General Revenues	3,114,863
Change in Net Position	566,954
<b>Net Position - Beginning of the Year</b>	7,142,928
<b>Net Position - End of the Year</b>	\$ 7,709,882

The accompanying notes are an integral part of this statement.



**Basic Financial Statements –  
Fund Financial Statements**

**Hammond Area Recreation District No. 1**  
**Hammond, Louisiana**  
 Governmental Funds Balance Sheet  
 December 31, 2019

Exhibit C

	<u>General Fund</u>
<i>Assets</i>	
Cash and Cash Equivalents	\$ 967,756
Accounts Receivable, Net of Allowance for Uncollectibles	2,862,271
Restricted Assets:	
Cash Held in Trust	<u>6,910</u>
Total Assets	<u>\$ 3,836,937</u>
 <i>Liabilities and Fund Balances</i>	
Liabilities:	
Accounts Payable	\$ 87,364
Pension Fund Mandate Payable	<u>109,000</u>
Total Liabilities	<u>196,364</u>
Fund Balances:	
Restricted for Debt Service	1,558,308
Unassigned	<u>2,082,265</u>
Total Fund Balances	<u>3,640,573</u>
Total Liabilities and Fund Balances	<u>\$ 3,836,937</u>

The accompanying notes are an integral part of this statement.

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

Exhibit D

Reconciliation of the Governmental Funds Balance Sheet to the  
Government-Wide Statement of Net Position  
For the Year Ended December 31, 2019

**Total Fund Balances, Governmental Funds (Exhibit C)** \$ 3,640,573

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

Governmental Capital Assets, Net of Depreciation at December 31, 2019 13,952,497

Governmental funds report bond issuance costs as expenditures. However, in the statement of net position, bond issuance costs are amortized over the life of the bond and are reported as amortization expense. This is the amount of unamortized bond issuance costs.

123,322

Deferred Outflows of Resources - Deferred Amount on Refunding 42,022

In the statement of net position, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditures is reported when due.

(78,867)

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 (1,310,000)

Non-Current (Long-Term) Obligations:

Revenue Bonds (8,658,000)

Unamortized Bond Premium (1,665)

**Net Position of Governmental Activities (Exhibit A)** \$ 7,709,882

The accompanying notes are an integral part of this statement.

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

Exhibit E

Statement of Governmental Fund Revenues, Expenditures, and  
Changes in Fund Balances  
For the Year Ended December 31, 2019

	<u>General Fund</u>
<b>Revenues:</b>	
Ad Valorem Taxes	\$ 2,965,278
Program and User Fees	379,822
Grant Income	-
Concessions Income	37,222
Sponsorships	69,780
Interest Income	11,506
Other Income	<u>31,077</u>
Total Revenues	3,494,685
<b>Expenditures:</b>	
Parks and Recreation:	
Salaries and Related Benefits	585,441
Ground Maintenance Service	627,248
Legal & Professional	22,154
Repairs & Maintenance	205,387
Telephone & Utilities	110,331
Office Expenses	35,777
Insurance	44,064
Pension Mandate Deduction	109,000
Bad Debt Expense	15,000
Other	65,206
Capital Outlay	114,094
Debt Service	<u>1,560,772</u>
Total Expenditures	<u>3,494,474</u>
Excess of Revenues over Expenditures	211
<b>Fund Balance - Beginning of the Year</b>	<u>3,640,362</u>
<b>Fund Balance - End of the Year</b>	<u>\$ 3,640,573</u>

The accompanying notes are an integral part of this statement.

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

Exhibit F

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and  
Changes in Fund Balance to the Government-Wide Statement of Activities  
For the Year Ended December 31, 2019

**Net Change in Fund Balances, Governmental Funds (Exhibit E)** \$ 211

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	114,094
Depreciation Expense	(614,380)

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	75,753
Current Year Accrued Interest	(78,867)

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	1,266,000
Amortization of Bond Issuance Costs	(35,852)
Amortization of Bond Premium	6,683
Amortization of Deferred Amounts on Bond Refunding	(166,688)

**Change in Net Position of Governmental Activities (Exhibit B)** \$ 566,954

The accompanying notes are an integral part of this statement.

## **Notes to the Financial Statements**

**Hammond Area Recreation District No. 1**  
**Hammond, Louisiana**  
Notes to Financial Statements  
For the Year Ended December 31, 2019

**Narrative Profile**

The Hammond Area Recreation District No. 1, Hammond, Louisiana, was created by an ordinance of the Tangipahoa Parish Council on May 28, 1996, *“as a recreation district to consist of territorial lands and property, both real and personal, in the parish, in accordance with Louisiana Revised Statute (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 “Hammond Area Recreation District No. 1” (the “District”).*

The District contains within its limits one municipality, the City of Hammond, Louisiana. 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, 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. Revenues for the District include property taxes. Major expenditures of the District include ground maintenance, capital outlay, and debt service.

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

**1. Summary of Significant Accounting Policies**

**A. Financial Reporting Entity**

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

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

**B. Basic Financial Statements – Government-Wide Financial Statements**

The District's basic financial statements include both government-wide (reporting on the District as a whole) and fund financial statements (reporting the District's major fund). Both the government-wide

## Hammond Area Recreation District No. 1

### Hammond, Louisiana

Notes to Financial Statements (Continued)

For the Year Ended December 31, 2019

and fund financial statements categorize primary activities as either governmental or business-type. All District activities are classified as governmental activities. The District has no business-type activities.

*Statement of Net Position* – In the government-wide Statement of Net Position, the governmental activities (a) are presented on a consolidated basis, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position. The District first utilizes restricted resources to finance qualifying activities.

*Statement of Activities* – The government-wide Statement of Activities reports both the gross and net cost of the District's functions. The functions are also supported by general revenues (property taxes, interest income, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. Program revenues must be directly associated with the ongoing operations of the District. Operating grants include operating-specific and discretionary (either operating or capital) grants, while capital grants report capital-specific grants and contributions. The net costs (by function) are normally covered by general revenues.

The District does not allocate indirect costs.

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

#### C. Basic Financial Statements – Fund Financial Statements

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

The emphasis in fund financial statements is on the major funds. Non-major funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures / expenses of either fund category or the governmental and business-type combined) for the determination of major funds. The non-major funds are combined in a column in the fund financial statements. The District has no business-type funds.

**Governmental Funds** – The focus of the governmental funds' measurement (in the fund statements) is the determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income.

The District reports the following governmental fund:

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.

The activities reported in this fund are reported as governmental activities in the government-wide financial statements.



**Hammond Area Recreation District No. 1**  
**Hammond, Louisiana**  
Notes to Financial Statements (Continued)  
For the Year Ended December 31, 2019

**D. Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet in the funds statements. Capital assets and long-term liabilities are included in the government-wide statements. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net fund balances.

The government-wide Statement of Net Position and Statement of Activities are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these activities are either included on the Statement of Net Position.

The fund financial statements of the governmental funds are maintained and reported on the modified accrual basis of accounting. Under this method of accounting, revenues are recognized in the period in which they become measurable and available. The District considers all revenues available if they are collected within 60 days after year-end. Interest income is recorded as earned. Federal and state reimbursement-type grants are recorded as revenue when related eligible expenditures are incurred. Expenditures are recorded when the fund liability is incurred.

The Statement of Net Position and the Statement of Activities are presented on the accrual basis of accounting. Under this method of accounting, revenues are recognized when earned and expenses are recorded when liabilities are incurred without regard to receipt or disbursement of cash.

**E. Budgets and Budgetary Accounting**

Budgetary procedures applicable to the District are defined in LRS 39:1301-15. The major requirements of the 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 Directors for consideration no later than fifteen days prior to the beginning of each fiscal year. At the same time, if total proposed expenditures are \$500,000 or more, a notice of public hearing on the proposed budget must be published in the official journal.
3. All action necessary to adopt and implement the budget must be completed prior to the beginning of the fiscal year. A hearing on the proposed budget was held on November 29, 2018. The budget was adopted on December 18, 2018.
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 19, 2019.
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 Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund presents actual expenditures in accordance with the accounting principles generally accepted in

**Hammond Area Recreation District No. 1**  
**Hammond, Louisiana**  
Notes to Financial Statements (Continued)  
For the Year Ended December 31, 2019

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. Cash, Cash Equivalents, and Investments

The District's cash includes amounts in demand deposits, interest bearing demand deposits, and money market accounts. 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. Under State law, the District may also 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 are stated at fair value using published market values.

Certain proceeds of the District's 2011 and 2015 Revenue Bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. The "revenue bond debt service" accounts are used to segregate resources accumulated for debt service payments over the next twelve months.

G. Allowance for Uncollectible Accounts

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

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, 2019, as the amount is immaterial.

I. 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 \$1,000 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 on the date donated.

Interest incurred during construction is capitalized on a government-wide basis. Interest attributable to capitalized assets as of December 31, 2019, was immaterial.

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.

**Hammond Area Recreation District No. 1**  
**Hammond, Louisiana**  
Notes to Financial Statements (Continued)  
For the Year Ended December 31, 2019

J. 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.

K. Long-Term Obligations

In the government-wide financial statements, debt principal payments of 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 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 is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

L. Compensated Absences

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

*Sick Leave*

Full-time employees will accumulate sick leave at the rate of 96 hours per year. During the first pay period of each year and the first pay period of employment, an employee will earn 3.50 hours of sick leave. The employee will earn 3.70 hours of leave per pay period from the second pay period through the remainder of the year. An employee is eligible to utilize sick leave time after 45 days of continuous employment.

*Annual Leave*

Full-time employees will earn annual leave at the rate of 80 hours per year. During the first pay period of each year and the first pay period of employment, an employee will earn 3.075 hours of annual leave. The employee will earn 3.077 hours per pay period from the second pay period through the end of the year. An employee is eligible to utilize leave after 90 days of continuous employment.

The Director of HARD will earn annual leave at the rate of 120 hours per year. During the first pay period of each year and the first pay period of employment, the Director will earn 4.5 hours of annual leave. The Director will earn 4.62 hours per pay period from the second pay period through the end of the year. The Director is eligible to utilize leave after 90 days of continuous employment.

**Hammond Area Recreation District No. 1**  
**Hammond, Louisiana**  
Notes to Financial Statements (Continued)  
For the Year Ended December 31, 2019

M. 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 – 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.

N. Fund Balance

In the governmental fund financial statements, fund balance is classified as follows:

1. Nonspendable Fund Balance – amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.
2. Restricted Fund Balance – amounts that can be spent only for specific purposes because of enabling legislation, State or Federal laws, or externally imposed by grantors, creditors, or citizens. Proceeds of the sale of bonds and ad valorem tax receivables are considered restricted due to the funds being restricted for construction and debt service, respectively.
3. Committed Fund Balance – amounts that can be used only for the specific purposes determined by a formal action of the Board of Directors (the District's highest level of decision-making authority).
4. Assigned Fund Balance – amounts that are 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.

As of December 31, 2019, the District did not have any nonspendable, committed, or assigned fund balances.

**Hammond Area Recreation District No. 1**  
**Hammond, Louisiana**  
Notes to Financial Statements (Continued)  
For the Year Ended December 31, 2019

O. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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

A. Budgetary Information

An annual budget is adopted on a basis consistent with generally accepted accounting principles for the General Fund. All annual appropriations lapse at year-end. See Note 1-E for the procedures the District follows regarding budgetary accounting. The District complied with the Local Government Budget Act in adopting an amending its budget for the year ended December 31, 2019.

B. Deposits, 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 cash, cash equivalents, and investments, the District was in compliance with the deposit and investment laws and regulations.

**3. Cash, Cash Equivalents, and Investments**

As reflected on Exhibit A, the District has cash totaling \$974,666 (of which \$6,910 is restricted) at December 31, 2019.

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 following is a summary of cash and investments (bank balances) at December 31, 2019, with the related federal deposit insurance and pledged securities:

Bank Balances:	
Insured (FDIC Insurance)	\$ 256,910
Uninsured and Collateralized:	
Collateral held by pledging bank's trust department not in the District's name	722,889
Uninsured and Uncollateralized	-
Total Deposits	<u>\$ 979,799</u>

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. Deposits collateralized by pledged securities are considered to be exposed to credit risk (Category 3) under the provisions of GASB

**Hammond Area Recreation District No. 1**  
**Hammond, Louisiana**  
Notes to Financial Statements (Continued)  
For the Year Ended December 31, 2019

Statement 40. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial risk. As of December 31, 2019, the District was in compliance with State law which requires any uninsured cash balances with the fiscal agent bank to be adequately collateralized by a pledge of securities.

**4. Receivables**

Receivables represent revenues earned in 2019 and received in 2020 as follows:

Tangipahoa Parish Sheriff - Ad Valorem Taxes	\$ 2,845,549
Other Receivables	31,722
Less: Allowance for Uncollectibles	<u>(15,000)</u>
Accounts Receivable, Net of Allowance for Uncollectibles	<u>\$ 2,862,271</u>

**5. Capital Assets**

Capital assets and depreciation activity as of and for the year ended December 31, 2019, are as follows:

	Balance 01/01/19	Increases	Decreases	Balance 12/31/19
Capital Assets not Depreciated:				
Land	\$ 3,112,682	\$ -	\$ -	\$ 3,112,682
Construction in Progress	195,919	<u>(195,919)</u>	-	-
Total Capital Assets not Depreciated	3,308,601	(195,919)	-	3,112,682
Other Capital Assets:				
Buildings	\$ 4,381,197	195,919	-	4,577,116
Equipment	341,401	114,093	-	455,494
Furniture & Fixtures	9,782	-	-	9,782
Land Improvements	<u>9,800,555</u>	-	-	<u>9,800,555</u>
Total Other Capital Assets	14,532,935	310,012	-	14,842,947
Less Accumulated Depreciation:				
Buildings	648,052	114,428	-	762,480
Equipment	191,798	57,754	-	249,552
Furniture & Fixtures	8,848	1,397	-	10,245
Land Improvements	<u>2,540,054</u>	<u>440,801</u>	-	<u>2,980,855</u>
Total Accumulated Depreciation	3,388,752	614,380	-	4,003,132
Other Capital Assets, Net	<u>11,144,183</u>	<u>(304,368)</u>	-	<u>10,839,815</u>
Totals	<u>\$ 14,452,784</u>	<u>\$ (500,287)</u>	<u>\$ -</u>	<u>\$ 13,952,497</u>

**Hammond Area Recreation District No. 1**  
**Hammond, Louisiana**  
Notes to Financial Statements (Continued)  
For the Year Ended December 31, 2019

Capital assets are stated at cost, less an allowance for accumulated depreciation. Depreciation expense is computed using the straight-line method of the estimated useful lives as follows:

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

**6. Changes in Long-Term Debt**

The following is a summary of debt transactions for the District for the year ended December 31, 2019:

Type of Debt	Balance at 01/01/19	Debt Issued	Debt Retired	Balance at 12/31/19	Due Within One Year
Series 2011 \$16,640,000					
Revenue Bonds	\$ 2,205,000	\$ -	\$ 1,080,000	\$ 1,125,000	\$ 1,125,000
Series 2011A \$760,000					
Revenue Bonds	485,000	-	55,000	430,000	55,000
Series 2015 \$8,911,000					
Refunding Bonds	8,544,000	-	131,000	8,413,000	130,000
	<u>\$ 11,234,000</u>	<u>\$ -</u>	<u>\$ 1,266,000</u>	<u>\$ 9,968,000</u>	<u>\$ 1,310,000</u>

Long-term debt at December 31, 2019, is comprised of the following:

*Revenue Bonds:*

\$16,640,000 Limited Tax Revenue Bonds, Series 2011 dated February 24, 2011; Due in annual installments of \$830,000 - \$1,490,000 through April 1, 2026; With interest at variable rates (Payable from a pledge and dedication of the proceeds of a 15-year, 10 mill ad valorem tax).	<u>\$ 1,125,000</u>
\$760,000 Limited Tax Revenue Bonds, Series 2011A dated October 6, 2011; Due in annual installments of \$40,000 - \$70,000 through April 1, 2026; With interest at 3.29% (Payable from a pledge and dedication of the proceeds of a 15-year, 10 mill ad valorem tax).	<u>\$ 430,000</u>
\$8,911,000 Refunding Bonds, Series 2015 dated April 2, 2015; Due in annual installments of \$118,000 - \$1,471,000 through April 1, 2026; With interest at 2.58% (Payable from a pledge and dedication of the proceeds of a 15-year, 10 mill ad valorem tax).	<u>\$ 8,413,000</u>

**Hammond Area Recreation District No. 1**  
**Hammond, Louisiana**  
Notes to Financial Statements (Continued)  
For the Year Ended December 31, 2019

Payments of principal and interest on both Revenue Bonds are secured by a pledge and dedication of the proceeds of the ten (10.00) mills, fifteen (15) year property tax approved by the District voters on November 2, 2010.

The annual requirements to amortize all debt outstanding at December 31, 2019, including interest payments of \$944,075 are as follows:

<u>Year Ended December 31,</u>	<u>\$16,640,000 Bonds</u>	<u>\$760,000 Bonds</u>	<u>\$8,911,000 Bonds</u>	<u>Total</u>
2020	1,144,688	68,242	345,378	1,558,308
2021	-	66,433	1,490,022	1,556,455
2022	-	69,541	1,490,224	1,559,765
2023	-	67,567	1,489,549	1,557,116
2024	-	70,511	1,489,970	1,560,481
2025 - 2026	-	139,524	2,980,246	3,119,770
	<u>1,144,688</u>	<u>481,818</u>	<u>9,285,389</u>	<u>10,911,895</u>
Less: Interest Portion	<u>19,688</u>	<u>51,818</u>	<u>872,569</u>	<u>944,075</u>
	<u>\$ 1,125,000</u>	<u>\$ 430,000</u>	<u>\$ 8,412,820</u>	<u>\$ 9,967,820</u>

On April 2, 2015, the District issued \$8,911,000 Series 2015 Revenue Refunding Bonds for the purpose of refunding \$7,940,000 of the outstanding balance of the Series 2011 Revenue Bonds and interest associated with the Series 2011 Revenue Bonds. The net proceeds of \$8,736,367 (after payment of \$174,633 in cost of issuance) plus an additional \$85,267 of the sinking fund 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 2011 Series bonds. This advance refunding was undertaken to decrease total debt service payments over the next 11 years by \$399,659 and resulted in an economic gain of \$1,233,270.

The advance refunding of the Series 2011 bonds resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$827,055, which was deferred and is being amortized over the 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.

**7. Ad Valorem Taxes**

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

General Fund

10.00 Mills

Ad valorem taxes attach as an enforceable lien on property on January 1 each year. Taxes are levied by the District during the year, are billed to taxpayers, and become due in November. Billed taxes become delinquent on December 31. Revenues from ad valorem taxes are budgeted in the year billed and recognized as revenue when billed. The Tangipahoa Parish Sheriff's Office bills and collects the property taxes using the assessed value determined by the Tax Assessor of Tangipahoa Parish. The taxes are generally collected in December of the current year and January and February of the ensuing year. For 2019, the District levied 10.00 mills for a total tax levy of \$2,963,629 on taxable property valuation totaling \$296,362,914.



**Hammond Area Recreation District No. 1**  
**Hammond, Louisiana**  
Notes to Financial Statements (Continued)  
For the Year Ended December 31, 2019

**8. Dedication of Proceeds and Flow of Funds – Ad Valorem Tax**

Proceeds of the 15-year special tax of 10 mills on the dollar of assessed valuation on all property subject to taxation in the District (2019 collections of \$2,963,629) are dedicated for the purpose of construction, acquisition, operation and maintenance of parks, playgrounds, recreation centers and other recreational facilities within the District, including, but not limited to, new soccer, football, baseball and softball playing fields, a gymnasium and property, furnishings and equipment therefore.

The District, through its governing authority, adopted a resolution on February 9, 2011, authorizing the issuance of \$17,400,000 Limited Tax Revenue Bonds, Series 2011, for the purpose of providing funds to acquire, construct, operate and equip parks, playgrounds, recreation centers and other recreational facilities within the District. In that resolution, the proceeds of the ten (10.00) mills, ten (15) 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 March 26, 2015, authorizing the issuance of \$8,911,000 Refunding Bonds, Series 2015, for the purpose of refunding \$7,940,000 of the Series 2011 revenue bonds. In that resolution, the proceeds of the ten (10.00) mills, ten (15) year property tax were pledged and dedicated in an amount sufficient for payment of the bonds authorized and interest as they become due and for other purposes.

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

Various bond covenants related to annual audits, establishing special funds, record keeping, and the flow of funds have been included in the bond resolution adopted February 9, 2011. As of December 31, 2019, the District was in compliance with these various bond covenants.

**9. Tax Abatement**

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 13 tax abatements, related to six (6) companies under the Louisiana ITEP. For the 2019 calendar year, estimated forgone ad valorem taxes due to this abatement program was \$20,235.

**Hammond Area Recreation District No. 1**  
**Hammond, Louisiana**  
Notes to Financial Statements (Continued)  
For the Year Ended December 31, 2019

**10. Compensation Paid to the Board of Directors**

The Schedule of Compensation Paid to the Board of Directors is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature.

Compensation paid to the Board of Directors for the year ended December 31, 2019, is as follows:

	<u>Salary</u>
Rob Carlisle, Chairman	\$ -
Guy Recotta	-
Wade Smith (January 2019 - June 2019)	-
Jeff Cooper (July 2019 - December 2019)	-
Jason C. Hood	-
Robert Williams	-
	<u>\$ -</u>

**11. Subsequent Event**

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 22, 2020.

In March 2020, the COVID-19 virus began spreading throughout the United States. On March 22, 2020, Louisiana Governor John Bel Edwards issued a stay-at-home order limiting person-to-person contact and closing many non-essential businesses. Management has evaluated the possible impacts of this situation and does not believe that this will have a significant negative impact on the continuing operations of the District.

No other subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

## **Required Supplemental Information**

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

Schedule 1

Schedule of Revenues, Expenditures, and Changes in Fund Balance –  
Budget and Actual – General Fund  
For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual Amounts	Final Budget Variance - Favorable / (Unfavorable)
<b>Revenues:</b>				
Ad Valorem Taxes	\$ 2,870,000	\$ 2,870,000	\$ 2,965,278	\$ 95,278
Grant Income	-	-	-	-
User Fees	376,112	368,112	379,822	11,710
Concessions Income	50,000	34,000	37,222	3,222
Sponsorships	70,000	65,000	69,780	4,780
Interest Income	4,300	6,000	11,506	5,506
Other Income	1,000	30,000	31,077	1,077
Total Revenues	<u>3,371,412</u>	<u>3,373,112</u>	<u>3,494,685</u>	<u>121,573</u>
<b>Expenditures:</b>				
Parks and Recreation:				
Salaries and Related Benefits	545,000	590,000	585,441	4,559
Ground Maintenance Service	580,000	635,000	627,248	7,752
Legal & Professional	25,000	22,000	22,154	(154)
Repairs & Maintenance	90,000	173,000	205,387	(32,387)
Telephone & Utilities	126,000	120,000	110,331	9,669
Office Expenses	34,300	37,800	35,777	2,023
Insurance	50,000	45,000	44,064	936
Pension Fund Mandate	109,000	109,000	109,000	-
Bad Debt Expense	24,000	15,000	15,000	-
Other	44,300	63,500	65,206	(1,706)
Capital Outlay	185,000	136,000	114,094	21,906
Debt Service	1,556,620	1,561,000	1,560,772	228
Total Expenditures	<u>3,369,220</u>	<u>3,507,300</u>	<u>3,494,474</u>	<u>12,826</u>
Excess (Deficiency) of Revenues over Expenditures	2,192	(134,188)	211	134,399
<b>Fund Balance - Beginning of the Year</b>	<u>3,804,238</u>	<u>3,640,362</u>	<u>3,640,362</u>	<u>-</u>
<b>Fund Balance - End of the Year</b>	<u>\$ 3,806,430</u>	<u>\$ 3,506,174</u>	<u>\$ 3,640,573</u>	<u>\$ 134,399</u>

See auditor's report.

## **Other Supplemental Information**

**Hammond Area Recreation District No. 1**

Schedule 2

**Hammond, Louisiana**

Schedule of Compensation, Benefits and Other Payments to Agency Head

For the Year Ended December 31, 2019

**Agency Head: Ryan Barker, Director**

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 80,105
Benefits - Insurance	11,960
Benefits - Retirement	9,436
Deferred Compensation	-
Benefits - Other - Supplemental Pay	-
Car Allowance	-
Vehicle Provided by Government	-
Vehicle Rental	-
Cell Phone	-
Dues	-
Per Diem	-
Reimbursements	-
Travel	274
Registration Fees	-
Conference Travel	-
Housing	-
Unvouchered Expenses	-
Special Meals	-
Other	-
	<u>\$ 101,775</u>

**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

Megan E. Lynch, CPA  
B. Jacob Steib, CPA  
Christie J. Barado  
Connor J. Collura  
Sharon B. Bravata  
Krystal L. Waddell  
Jenny I. Schliegelmeier  
Debbie G. Faust, EA



JAMES  
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& ASSOCIATES, INC.

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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. Rob Carlisle, Chairman  
and Members of the Board of Directors  
Hammond Area Recreation District No. 1  
Hammond, LA 70404

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the general fund of the Hammond Area Recreation District No. 1, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Hammond Area Recreation District No. 1's basic financial statements, and have issued our report thereon dated June 22, 2020.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Hammond 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 Hammond Area Recreation District No. 1's internal control. Accordingly, we do not express an opinion on the effectiveness of the Hammond 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 weaknesses, yet important enough to merit attention by those charged with governance.

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

**Compliance and Other Matters**

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



Hammond Area Recreation District No. 1  
June 22, 2020

determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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*

James Lambert Riggs & Associates, Inc.  
Hammond, Louisiana

June 22, 2020

**Hammond Area Recreation District No. 1**  
**Hammond, Louisiana**  
 Schedule of Findings, Recommendations, and Responses  
 For the Year Ended December 31, 2019

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 and the general fund of the Hammond Area Recreation District No. 1 as of and for the year ended December 31, 2019, 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 22, 2020. 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	___	Yes	<u>X</u>	No
Significant Deficiencies	___	Yes	<u>X</u>	No

Compliance:

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

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

**Internal Control over Financial Reporting**

None

**Compliance and Other Matters**

None

**Hammond Area Recreation District No. 1**  
**Hammond, Louisiana**  
Summary Schedule of Prior Audit Findings  
For the Year Ended December 31, 2019

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

None

Compliance and Other Matters

None

*Note: This schedule has been prepared by the management of the Hammond Area Recreation District No. 1.*

**HAMMOND AREA RECREATION DISTRICT NO. 1**

**STATEWIDE AGREED UPON PROCEDURES ENGAGEMENT**

**FOR THE YEAR ENDED DECEMBER 31, 2019**

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

Megan E. Lynch, CPA  
B. Jacob Steib, CPA  
Christie J. Barado  
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Society of Louisiana CPAs

## Independent Accountants' Report on Applying Agreed-Upon Procedures

Mr. Rob Carlisle, Chairman and  
Members of the Board of Directors  
Hammond Area Recreation District No. 1  
Post Office Box 1305  
Hammond, Louisiana

Louisiana Legislative Auditor  
Baton Rouge, Louisiana

We have performed the procedures enumerated below, which were agreed to by the Hammond Area Recreation District No. 1 (the "District") and the Louisiana Legislative Auditor (the "LLA") on the control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures (the "SAUPs") of the District for the period January 1, 2019 through December 31, 2019. The District's management is responsible for those control and compliance areas identified in the SAUPs.

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. The sufficiency of these procedures is solely the responsibility of the District and the LLA. 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."

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 the District and the LLA 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 LLA as a public document.

James Lambert Riggs & Associates, Inc.  
Hammond, Louisiana

June 22, 2020

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 written policies and procedures for 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 written policies and procedures for purchasing with no exceptions.

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

**Results:** We viewed the District's written policies and procedures for 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 written policies and procedures for receipts / collections, no exceptions were noted.

- 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 written policies and procedures for Payroll and 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 written policies and procedures for 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 written policies and procedures for credit cards, debit cards, fuel cards, and p-cards (if applicable) 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 written policies and procedures for travel and expense reimbursement 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 written policies and procedures for 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 written policies and procedures for debt with no exceptions.

- k) *Disaster Recovery / Business Continuity*, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing / verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches / updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

**Results:** Currently, the District does not have a Disaster Recovery / Business Continuity policy in place. The District is currently working on implementing a policy and seeking approval by the board.

### Collections

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2. 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:** Management provided us with the required listing of cash collection locations as well as management's representation that the listing is complete.

3. 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:** N/A – the District does not collect cash

- 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:** Two (2) of the three (3) individuals that collect cash are responsible for making / preparing bank deposits and are responsible for reconciling collection documentation. No actual cash is collected by the District; however, all checks / money orders / etc. collected by the District, regardless of employee, is held temporarily in one location on-site before being deposited in the bank.

- 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:** Two (2) of the three (3) employees responsible for collecting cash are responsible for posting collection entries to the general ledger and for reconciling ledger postings to each other and the deposit. Due to the small size of the District and limited personnel, daily reconciliations are performed by an individual responsible for cash collections.

- 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:** Two (2) of the three (3) employees responsible for reconciling cash collections to general ledger are responsible for collecting cash and no other employee verifies the reconciliation.

4. 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 crime insurance policy.

5. Randomly select two deposit dates for each of the 5 bank accounts selected (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)*

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6. 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:** Management provided us with the required listing of cash disbursement locations as well as management's representation that the listing is complete.

7. For each location selected under #6 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:** No exceptions were noted for the above listed procedure.

- 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.

8. For each location selected under #6 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 #7, as applicable.

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

### Ethics

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9. Using the 5 randomly selected employees / officials, 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:** Two of the five randomly selected employees did not complete the one hour of ethics training during the fiscal period.

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:** Two of the five randomly selected employees did not attest through signature verification that they had read the District's ethic policy during the fiscal period.