

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

ANNUAL FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017

Hammond Area Recreation District No. 1
Hammond, Louisiana
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Independent Auditor's Report

Mr. Jason Hood, 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, 2017, 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 of 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, 2017, 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 27 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

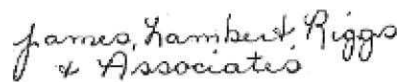
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hammond Area Recreation District No. 1's basic financial statements. The Schedule of Compensation Paid to the Board of Directors and the Schedule of Compensation, Benefits, and Other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

The Schedule of Compensation Paid to the Board of Directors 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 Compensation Paid to the Board of Directors and the Schedule of Compensation, Benefits, and Other Payments to Agency Head are fairly stated in all material respects in relation to the financial statements as a whole.

Hammond Area Recreation District No. 1
May 18, 2018

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 18, 2018, 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, 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.

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

James Lambert Riggs & Associates, Inc.
Hammond, Louisiana

May 18, 2018

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

Hammond Area Recreation District No. 1
Hammond, Louisiana
Statement of Net Position
December 31, 2017

Exhibit A

	Governmental Activities
<i>Assets</i>	
Cash and Cash Equivalents	\$ 1,214,183
Accounts Receivable, Net of Allowance for Uncollectibles	2,734,292
Restricted Assets:	
Cash Held in Trust - Revenue Bond Debt Service	1,420
Capital Assets Not Being Depreciated:	
Land	3,112,682
Capital Assets, Net of Accumulated Depreciation	11,560,852
Bond Issuance Costs, Net of Accumulated Amortization	195,024
Total Assets	\$ 18,818,453
<i>Deferred Outflows of Resources</i>	
Deferred Amount on Refunding of Debt	\$ 375,398
Total Deferred Outflows of Resources	\$ 375,398
<i>Liabilities</i>	
Accounts Payable	\$ 36,657
Pension Fund Mandate Payable	109,000
Accrued Interest Payable	86,959
Long-Term Debt - Current	1,215,000
Long-Term Debt - Non-Current	11,234,000
Unamortized Bond Premium	15,032
Total Liabilities	\$ 12,696,648
<i>Net Position</i>	
Net Investment in Capital Assets	\$ 2,224,534
Restricted	1,557,202
Unrestricted	2,715,467
Total Net Position	\$ 6,497,203

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, 2017

Exhibit B

	Governmental Activities
Expenses:	
Parks and Recreation:	
Salaries and Related Benefits	\$ 540,919
Ground Maintenance Service	534,045
Legal & Professional	18,635
Repairs & Maintenance	84,799
Telephone & Utilities	115,526
Office Expenses	16,921
Insurance	38,955
Pension Mandate Deduction	109,000
Bad Debt Expense	25,000
Depreciation Expense	587,573
Other	48,419
Amortization of Bond Premium	(6,682)
Amortization of Bond Issuance Costs	35,850
Interest on Debt Service	544,941
Total Expenses	2,693,901
 Program Revenues:	
Charges for Services - Program and User Fees	300,488
Capital Grant Income	73,000
Total Program Revenues	373,488
 Net Program (Expense) / Revenue	 (2,320,413)
 General Revenues:	
Ad Valorem Taxes	2,865,822
Concessions Income	41,149
Sponsorships	42,397
Interest Income	1,241
Other Income	4,828
Total General Revenues	2,955,437
 Change in Net Position	 635,024
 Net Position - Beginning of the Year	 5,862,179
Net Position - End of the Year	\$ 6,497,203

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, 2017

Exhibit C

	<u>General Fund</u>
<i>Assets</i>	
Cash and Cash Equivalents	\$ 1,214,183
Accounts Receivable, Net of Allowance for Uncollectibles	2,734,292
Restricted Assets:	
Cash Held in Trust	1,420
Total Assets	<u>\$ 3,949,895</u>
<i>Liabilities and Fund Balances</i>	
Liabilities:	
Accounts Payable	\$ 36,657
Pension Fund Mandate Payable	109,000
Total Liabilities	<u>145,657</u>
Fund Balances:	
Restricted for Debt Service	1,557,202
Unassigned	2,247,036
Total Fund Balances	<u>3,804,238</u>
Total Liabilities and Fund Balances	<u>\$ 3,949,895</u>

The accompanying notes are an integral part of this statement.

Hammond Area Recreation District No. 1
Hammond, Louisiana
 Reconciliation of the Governmental Funds Balance Sheet to the
 Government-Wide Statement of Net Position
 For the Year Ended December 31, 2017

Exhibit D

Total Fund Balances, Governmental Funds (Exhibit C)	\$ 3,804,238
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Amounts reported for governmental activities in the statement of net position are different because:

Governmental Capital Assets, Net of Depreciation at December 31, 2017	14,673,534
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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.

195,024

Deferred Outflows of Resources - Deferred Amount on Refunding	375,398
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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.

(86,959)

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	(1,215,000)
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Non-Current (Long-Term) Obligations:

Revenue Bonds	(11,234,000)
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Unamortized Bond Premium	<u>(15,032)</u>
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Net Position of Governmental Activities (Exhibit A)	<u>\$ 6,497,203</u>
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The accompanying notes are an integral part of this statement.

Hammond Area Recreation District No. 1
Hammond, Louisiana
Statement of Governmental Fund Revenues, Expenditures, and
Changes in Fund Balances
For the Year Ended December 31, 2017

Exhibit E

	<u>General Fund</u>
Revenues:	
Ad Valorem Taxes	\$ 2,865,822
Program and User Fees	300,488
Grant Income	73,000
Concessions Income	41,149
Sponsorships	42,397
Interest Income	1,241
Other Income	4,828
	3,328,925
Total Revenues	
 Expenditures:	
Parks and Recreation:	
Salaries and Related Benefits	540,919
Ground Maintenance Service	534,045
Legal & Professional	18,635
Repairs & Maintenance	84,799
Telephone & Utilities	115,526
Office Expenses	16,921
Insurance	38,955
Pension Mandate Deduction	109,000
Bad Debt Expense	25,000
Other	48,419
Capital Outlay	75,365
Debt Service	1,559,246
	3,166,830
Total Expenditures	
 Excess (Deficiency) of Revenues over Expenditures	 162,095
 Fund Balance - Beginning of the Year	 <u>3,642,143</u>
Fund Balance - End of the Year	\$ 3,804,238

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, 2017

Net Change in Fund Balances, Governmental Funds (Exhibit E)	\$	162,095
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Amounts reported for governmental activities in the statement of activities are different because:

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

Capital Outlay		75,365
Depreciation Expense		(587,573)

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		98,953
Current Year Accrued Interest		(86,959)

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		1,169,000
Amortization of Bond Issuance Costs		(35,850)
Amortization of Bond Premium		6,682
Amortization of Deferred Amounts on Bond Refunding		<u>(166,689)</u>

Change in Net Position of Governmental Activities (Exhibit B)	\$	<u>635,024</u>
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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, 2017

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, 2017

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, 2017

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 December 15, 2016. The budget was adopted on December 15, 2016.
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 14, 2017.
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, 2017

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, 2017, 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, 2017, 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, 2017

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, 2017

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, 2017, 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, 2017

O. Adoption of New Accounting Principle

For the year ended December 31, 2017, the following statement was implemented:

1. GASB Statement No. 77, *Tax Abatement Disclosures*, improves financial reporting by providing financial statement users with essential information about the nature and magnitude of the reduction in tax revenues through tax abatement programs. As a result of implementation of this statement, additional disclosures related to tax abatements are included in Note 9.

P. 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, 2017.

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 \$1,215,603 (of which \$1,420 is restricted) at December 31, 2017.

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.

Hammond Area Recreation District No. 1
Hammond, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended December 31, 2017

The following is a summary of cash and investments (bank balances) at December 31, 2017, with the related federal deposit insurance and pledged securities:

Bank Balances:	
Insured (FDIC Insurance)	\$ 251,420
Uninsured and Collateralized:	
Collateral held by pledging bank's trust department not in the District's name	1,068,139
Uninsured and Uncollateralized	<u> -</u>
Total Deposits	<u>\$ 1,319,559</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 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, 2017, 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 2017 and received in 2018 as follows:

Tangipahoa Parish Sheriff - Ad Valorem Taxes	\$ 2,760,639
Other Receivables	3,653
Less: Allowance for Uncollectibles	<u>(30,000)</u>
Accounts Receivable, Net of Allowance for Uncollectibles	<u>\$ 2,734,292</u>

Hammond Area Recreation District No. 1
Hammond, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended December 31, 2017

5. Capital Assets

Capital assets and depreciation activity as of and for the year ended December 31, 2017, are as follows:

	<u>Balance</u> <u>01/01/17</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/17</u>
Capital Assets not Depreciated:				
Land	\$ 3,112,682	\$ -	\$ -	\$ 3,112,682
Total Capital Assets not Depreciated	3,112,682	-	-	3,112,682
Other Capital Assets:				
Buildings	\$ 4,381,197	-	-	4,381,197
Equipment	296,835	29,328	-	326,163
Furniture & Fixtures	9,782	-	-	9,782
Land Improvements	9,603,333	46,037	-	9,649,370
Total Other Capital Assets	14,291,147	75,365	-	14,366,512
Less Accumulated Depreciation:				
Buildings	428,992	109,530	-	538,522
Equipment	111,446	40,775	-	152,221
Furniture & Fixtures	6,054	1,397	-	7,451
Land Improvements	1,671,595	435,871	-	2,107,466
Total Accumulated Depreciation	2,218,087	587,573	-	2,805,660
Other Capital Assets, Net	12,073,060	(512,208)	-	11,560,852
Totals	<u>\$ 15,185,742</u>	<u>\$ (512,208)</u>	<u>\$ -</u>	<u>\$ 14,673,534</u>

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
Buildings	40 Years
Land Improvements	20 - 30 Years
Equipment	15 Years

Hammond Area Recreation District No. 1
Hammond, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended December 31, 2017

6. Changes in Long-Term Debt

The following is a summary of debt transactions for the District for the year ended December 31, 2017:

<u>Type of Debt</u>	<u>Balance at 01/01/17</u>	<u>Debt Issued</u>	<u>Debt Retired</u>	<u>Balance at 12/31/17</u>	<u>Due Within One Year</u>
Series 2011 \$16,640,000 Revenue Bonds	\$ 4,240,000	\$ -	\$ 995,000	\$ 3,245,000	\$ 1,040,000
Series 2011A \$760,000 Revenue Bonds	585,000	-	50,000	535,000	50,000
Series 2015 \$8,911,000 Refunding Bonds	<u>8,793,000</u>	<u>-</u>	<u>124,000</u>	<u>8,669,000</u>	<u>125,000</u>
	<u>\$ 13,618,000</u>	<u>\$ -</u>	<u>\$ 1,169,000</u>	<u>\$ 12,449,000</u>	<u>\$ 1,215,000</u>

Long-term debt at December 31, 2017, 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>\$ 3,245,000</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>\$ 535,000</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>\$ 8,669,000</u>

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.

Hammond Area Recreation District No. 1
Hammond, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended December 31, 2017

The annual requirements to amortize all debt outstanding at December 31, 2017, including interest payments of \$1,581,049 are as follows:

Year Ended December 31,	\$16,640,000 Bonds	\$760,000 Bonds	\$8,911,000 Bonds	Total
2018	\$ 1,143,375	\$ 66,779	\$ 347,048	\$ 1,557,202
2019	1,140,975	70,052	349,745	1,560,772
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
2023-2026	-	277,602	5,959,945	6,237,547
	<u>3,429,038</u>	<u>618,649</u>	<u>9,982,362</u>	<u>14,030,049</u>
Less: Interest Portion	<u>184,038</u>	<u>83,649</u>	<u>1,313,362</u>	<u>1,581,049</u>
	<u>\$ 3,245,000</u>	<u>\$ 535,000</u>	<u>\$ 8,669,000</u>	<u>\$ 12,449,000</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 2017, the District levied 10.00 mills for a total tax levy of \$2,873,840 on taxable property valuation totaling \$287,383,977.

Hammond Area Recreation District No. 1
Hammond, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended December 31, 2017

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 (2017 collections of \$2,873,840) 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, 2017, 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 seventy-four tax abatements in Tangipahoa Parish, related to 17 companies, under the Louisiana ITEP. For the District, there are currently 19 tax abatements, related to six (6) companies under the Louisiana ITEP. For the 2017 calendar year, estimated forgone ad valorem taxes due to this abatement program was \$34,666.

Hammond Area Recreation District No. 1
Hammond, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended December 31, 2017

10. Subsequent Event

Management has evaluated subsequent events through the date that the financial statements were available to be issued, May 18, 2018, and determined that no events occurred that required disclosure.

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, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	Final Budget Variance - Favorable / (Unfavorable)
Revenues:				
Ad Valorem Taxes	\$ 2,730,000	\$ 2,850,000	\$ 2,865,822	\$ 15,822
Grant Income	-	73,000	73,000	-
User Fees	225,750	286,000	300,488	14,488
Concessions Income	22,000	40,000	41,149	1,149
Sponsorships	23,000	40,000	42,397	2,397
Interest Income	120	1,200	1,241	41
Other Income	500	4,709	4,828	119
Total Revenues	<u>3,001,370</u>	<u>3,294,909</u>	<u>3,328,925</u>	<u>34,016</u>
Expenditures:				
Parks and Recreation:				
Salaries and Related Benefits	361,000	545,000	540,919	4,081
Ground Maintenance Service	550,000	530,000	534,045	(4,045)
Legal & Professional	19,000	19,000	18,635	365
Repairs & Maintenance	82,500	87,000	84,799	2,201
Telephone & Utilities	106,000	124,000	115,526	8,474
Office Expenses	14,200	17,458	16,921	537
Insurance	35,000	38,955	38,955	-
Pension Fund Mandate	100,500	109,000	109,000	-
Bad Debt Expense	30,000	25,000	25,000	-
Other	30,000	42,450	48,419	(5,969)
Capital Outlay	260,000	86,000	75,365	10,635
Debt Service	1,559,246	1,559,246	1,559,246	-
Total Expenditures	<u>3,147,446</u>	<u>3,183,109</u>	<u>3,166,830</u>	<u>16,279</u>
Excess (Deficiency) of Revenues over Expenditures	(146,076)	111,800	162,095	50,295
Fund Balance - Beginning of the Year	<u>3,724,496</u>	<u>3,642,143</u>	<u>3,642,143</u>	-
Fund Balance - End of the Year	<u>\$ 3,578,420</u>	<u>\$ 3,753,943</u>	<u>\$ 3,804,238</u>	<u>\$ 50,295</u>

See auditor's report.

Other Supplemental Information

Hammond Area Recreation District No. 1
Hammond, Louisiana
Schedule of Compensation Paid to the Board of Directors
For the Year Ended December 31, 2017

Schedule 2

<u>Name and Address</u>	<u>Position</u>	<u>Salary</u>	<u>Term Expires</u>
Jason C. Hood 609 N. General Pershing Street Hammond, LA 70401	Chairman / Director	\$ -	June 2021
Guy Recotta 502 E. Charles St. Hammond, LA 70401	Director	-	June 2022
Allison Kern 47059 Milton Road Tickfaw, LA 70466	Director	-	June 2018
Rob Carlisle 805 W. Dakota Street Hammond, LA 70401	Director	-	June 2019
Robert Williams 48404 Shady Lane Tickfaw, LA 70466	Director	-	June 2020
		<u>\$ -</u>	

See auditor's report

Hammond Area Recreation District No. 1

Schedule 3

Hammond, Louisiana

Schedule of Compensation, Benefits and Other Payments to Agency Head

For the Year Ended December 31, 2017

Agency Head: Ryan Barker, Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 74,500
Benefits - Insurance	13,966
Benefits - Retirement	7,770
Deferred Compensation	-
Benefits - Other - Supplemental Pay	-
Car Allowance	-
Vehicle Provided by Government	-
Vehicle Rental	-
Cell Phone	-
Dues	-
Per Diem	-
Reimbursements	812
Travel	1,248
Registration Fees	-
Conference Travel	-
Housing	-
Unvouchered Expenses	-
Special Meals	-
Other	-
	<u>\$ 98,296</u>

See 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
Christie J. Barado
Megan E. Lynch
B. Jacob Steib
Debbie G. Faust, EA
Ramona K. Huckabee, EA



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

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, 2017, 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 May 18, 2018.

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

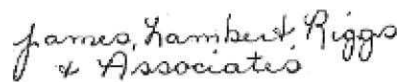
As part of obtaining reasonable assurance about whether the Hammond Area Recreation District No. 1's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could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

Hammond Area Recreation District No. 1
May 18, 2018

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 communications is not suitable for any other purpose.

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

James Lambert Riggs & Associates, Inc.
Hammond, Louisiana

May 18, 2018

Hammond Area Recreation District No. 1
Hammond, Louisiana
 Schedule of Findings, Recommendations, and Responses
 For the Year Ended December 31, 2016

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, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated May 18, 2018. 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	_X_	No
Significant Deficiencies	___	Yes	_X_	No

Compliance:

Compliance Material to the Financial Statements	___	Yes	_X_	No
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2. Management Letter

Was a management letter issued?	___	Yes	_X_	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, 2016

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

2016-001	December 31, 2016	Internal Controls over Program Fee Revenue	Internal controls over program fee revenue improved
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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
HAMMOND, LOUISIANA**

STATEWIDE AGREED UPON PROCEDURES ENGAGEMENT

FOR THE YEAR ENDED DECEMBER 31, 2017

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

J. Bryan Ehricht, CPA
Samantha D. Wagner, CPA
Christie J. Barado
Megan E. Lynch
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Independent Accountants' Report on Applying Agreed-Upon Procedures

Ryan Barker, Director
Hammond Area Recreation District No. 1
Hammond, Louisiana and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Hammond Area Recreation District No. 1 and the Louisiana Legislative Auditor (LLA) on the control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2017 through December 31, 2017. 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*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. 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. 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

May 18, 2018

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial / business functions (or report that the entity does not have any written policies and procedures), as applicable:

- a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget

Results: We sighted 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 sighted the District's written policies and procedures for purchasing with no exceptions.

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

Results: We sighted the District's written policies and procedures for disbursements with no exceptions.

- d) **Receipts**, including receiving, recording, and preparing deposits

Results: We sighted the District's written policies and procedures for receipts 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 sighted the District's written policies and procedures for 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 sighted 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, and (5) monitoring card usage

Results: We sighted the District's written policies and procedures for credit cards and 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 sighted the District's written policies and procedures for 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. Note: Ethics requirements are not applicable to nonprofits.

Results: We sighted the District's written policies and procedures for ethics with no exceptions.

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

Results: We sighted the District's written policies and procedures for debt service with no exceptions.

Board (or Finance Committee, if applicable)

2. Obtain and review the board / committee minutes for the fiscal period, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

Results: Per a review of the minutes of the District for the period January 1, 2017 through December 31, 2017, the District met on a monthly basis.

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

Results: Per a review of the minutes of the District for the period January 1, 2017 through December 31, 2017, the minutes referenced budget-to-actual comparisons on the District's major funds.

- If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal / written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal / written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

Results: Per a review of the minutes of the District for the period January 1, 2017 through December 31, 2017, there were no periods of deficit spending during the fiscal period.

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

Results: Per a review of the minutes of the District for the period January 1, 2017 through December 31, 2017, the District approved contracts and grant agreements in at least one meeting during the year.

Bank Reconciliations

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

Results: Management provided us with the required listing of bank accounts as well as management's representation that the listing is complete.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than five accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

Results: For the two (2) bank accounts selected, all bank reconciliations were prepared for all twelve months for the period January 1, 2017 through December 31, 2017.

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

Results: For the two (2) bank accounts selected, evidence existed that the bank statements and bank reconciliations were reviewed by a member of management or a board member for the period January 1, 2017 through December 31, 2017.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Results: For the two (2) bank accounts selected, no accounts had outstanding items over six (6) months as of December 31, 2017.

Collections

5. Obtain a listing of cash / check / money order (cash) collection locations and management's representation that the listing is complete.

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

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than five locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each cash collection location selected:

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in

the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

Results: All four (4) of individuals that collect cash are bonded. Two (2) of the four (4) individuals that collect cash are not responsible for making deposits. Two (2) of the four (4) individuals that collect cash do not record the transactions. Two (2) of the four (4) individuals that collect cash reconcile the bank account. 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. Due to the small size of the District and limited personnel, daily reconciliations are performed by an individual responsible for cash collections.

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and / or subsidiary ledgers, by revenue source and / or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

Results: Management provided us with written documentation for reconciling cash collections to the general ledger. Due to the small size of the District and limited personnel, this daily reconciliation is performed by an individual responsible for cash collections.

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

Results: The highest week of cash collections had only one (1) deposit for property taxes. This deposit was made within one business day.

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

Results: Deposits for the highest week of cash collections were completely supported by documentation.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and 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) by a person who is not responsible for collections.

Results: We sighted the District's written policies and procedures for receipts with no exceptions.

Disbursements – General (excluding credit card / debit card / fuel card / P-Card purchases or payments)

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort / filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

Results: Management provided us with the required listing of disbursements as well as management's representation that the listing is complete.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card / debit card / fuel card / P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens / logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition / purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition / purchase order system.

Results: For the twenty-five (25) transactions selected, there were no purchase orders used by the District. The District, due to the small nature in size and its operations, does not utilize a purchase order system

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

Results: For the twenty-five (25) transactions selected, there were no purchase orders used by the District. The District, due to the small nature in size and its operations, does not utilize a purchase order system

- c) Payments for purchases were not processed without (1) an approved requisition and / or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

Results: For the twenty-five (25) transactions selected, there were no purchase orders used by the District. The District, due to the small nature in size and its operations, does not utilize a purchase order system. All twenty-five (25) transactions included a receiving report, when applicable. Three (3) transactions did not have the associated supporting invoices / documentation.

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing / disbursement system.

Results: Per the District's written policies and procedures for purchasing, the person responsible or processing payments is able to add new vendors to the District's purchasing / disbursement system.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

Results: Individuals who can initiate or record purchases do not have signatory authority.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

Results: The supply of unused checks are maintained in a locked location with restricted access.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

Results: No signature stamp or machine is utilized by the District.

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

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Results: Management provided us with the required listing of credit cards and fuel cards as well as management's representation that the listing is complete.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized cardholder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.])

Results: For the one (1) store card selected, the statements were reviewed and approved, in writing, by someone other than the authorized card holder.

- b) Report whether finance charges and / or late fees were assessed on the selected statements.

Results: For the one (1) store card selected, no finance and / or late charges were assessed.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased).

Results: For the one (1) store card selected, supporting itemized receipts were available for all transactions.

- Documentation of the business / public purpose. For meal charges, there should also be documentation of the individuals participating.

Results: For the one (1) store card selected, supporting documentation of the business / public purpose, and all meal receipts contained documentation of the individuals participating was available for all transactions.

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.).

Results: For the one (1) store card selected, other supporting documentation required by the District's written policy was available for all transactions.

b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing / disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

Results: For the one (1) store card selected, no transactions reviewed required the solicitation of bids or quotes.

c) For each transaction, compare the entity's documentation of the business / public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Results: For the one (1) store card selected, there were no violations of Article 7, Section 14 of the Louisiana Constitution.

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort / filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

Results: Management provided us with the required listing of travel and related expense reimbursements as well as management's representation that the listing is complete.

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

Results: No reimbursement rates exceeded GSA rates.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

Results: For the three (3) employees selected, all travel and expense reimbursements were paid in accordance with written policy.

- b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

Results: For the three (3) employees selected, all travel and expense reimbursements were documented by original itemized receipts.

- Documentation of the business / public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

Results: For the three (3) employees selected, all travel and expense reimbursements documented the business / public purchase of the expense.

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

Results: For the three (3) employees selected, all travel and expense reimbursements had other supporting documentation required by the District's written policy.

- c) Compare the entity's documentation of the business / public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Results: For the three (3) employees selected, there were no violations of Article 7, Section 14 of the Louisiana Constitution.

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: For the three (3) employees selected, each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort / filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

Results: Management provided us with a listing of all contracts in effect during the period January 1, 2017 through December 31, 2017 as well as management's representation that the listing is complete.

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal / written contract that supports the services arrangement and the amount paid.

Results: For the five (5) contracts selected, there was a formal / written contract that supported the services arrangement and the amount paid.

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- If yes, obtain / compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder).

Results: For the five (5) contracts selected, only one (1) was subject to the Louisiana Public Bid Law and all legal requirements were met.

- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

Results: For the five (5) contracts selected, only one (1) was subject to the Louisiana Public Bid Law and all legal requirements were met.

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

Results: For the five (5) contracts selected, two (2) were amended during the period January 1, 2017 through December 31, 2017, and the original contract terms provided for such amendments.

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

Results: For the five (5) contracts selected, all five (5) of the largest payments contained supporting invoices that complied with the terms and conditions of the contract.

- e) Obtain / review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

Results: For the five (5) contracts selected, all five (5) contracts were approved by the District.

Payroll and Personnel

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees / officials, obtain their personnel files, and:

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

Results: Management provided us with the required list of employees and salaries as well as management's representation that the listing is complete. For the five (5) randomly selected employees, compensation paid to each employee was made in accordance with each employee's approved pay rate.

- b) Review changes made to hourly pay rates / salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

Results: Management provided us with the required list of employees and salaries as well as management's representation that the listing is complete. For the five (5) randomly selected employees, all changes to each employee's approved pay rates were approved in writing and in accordance with written policy.

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees / officials (or randomly select one-third of employees / officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether 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: For the eight (8) selected employees, all employees documented their daily attendance and leave.

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees / officials.

Results: For the eight (8) selected employees, we sighted documentation that supervisors approved attendance and leave.

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees / officials that earn leave.

Results: For the eight (8) selected employees, there was no written leave records for any of the District's employees as the District did not offer leave nor have an official leave policy for employees until December 2017.

24. Obtain from management a list of those employees / officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees / officials. Report whether the termination payments were made in strict accordance with policy and / or contract and approved by management.

Results: No employees were terminated during the period January 1, 2017 through December 31, 2017.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

Results: Management provided us with all supporting documentation related to payroll taxes and retirement contributions for the period January 1, 2017 through December 31, 2017. For this period, all payroll tax deposits and retirement contribution payments were paid by the required deadlines.

Ethics (excluding nonprofits)

26. Using the five randomly selected employees / officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

Results: For the five (5) randomly selected employees, no ethics training was completed for any of the selected employees as of December 31, 2017.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Results: Per conversation with Ryan Barker, Director, the District had no alleged ethics violations reported during the period January 1, 2017 through December 31, 2017.

Debt Service (excluding nonprofits)

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

Results: The District had no new debt issued during the period January 1, 2017 through December 31, 2017.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

Results: During the period January 1, 2017 through December 31, 2017, the District had made all scheduled debt service payments and was in compliance with all debt covenants.

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

Results: The District had a single tax millage for both operational costs and debt service payments. The District's debt was still outstanding as of December 31, 2017.

Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain / review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Results: Per conversation with Ryan Barker, Director, the District had no misappropriations of public funds or assets during the period January 1, 2017 through December 31, 2017.

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results: Sighted copy of the notice posted on the premises and on the District's website.

If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

Results: There were no exceptions regarding management's representations in the procedures above.

May 22nd, 2018

James, Lambert, Riggs and Associates, Inc.
Post Office Drawer 369
Hammond, Louisiana 70404

Management of the Hammond Area Recreation District #1, Hammond, Louisiana would like to present the following response to the results of the December 31, 2017, Statewide Agreed-Upon Procedures conducted by James, Lambert, Riggs and Associates, Inc.

Collections

Agency Response: Management of the Hammond Area Recreation District #1 believes that due to the small size of the entity, it is not feasible to increase the size of the administrative staff to provide better segregation of duties.

Disbursements

Agency Response: Management of the Hammond Area District #1 believes that due to the small size of the entity, it is not feasible to implement a purchase order system for disbursements.

Ethics

Agency Response: Management of the Hammond Area District #1 failed to provide Ethics Training for its employees as of December 31, 2017. Hammond Area Recreation District #1 employee have already completed 2018 Ethics training.



Ryan Barker
Executive Director

Hammond Area Recreation
District No. 1 Commissioners
Jason Hood, Chairman
Robert Williams
Allison Kern
Guy Recotta
Rob Carlisle