

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

**ANNUAL FINANCIAL STATEMENTS**

**AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2016**

**Ponchatoula Area Recreation District No. 1**  
**Ponchatoula, Louisiana**  
**Table of Contents**  
**As of and for the Year Ended December 31, 2016**

	<u>Exhibit</u>	<u>Schedule</u>	<u>Page</u>
Accountant's Compilation Report	-	-	1 - 3
<b>Basic Financial Statements:</b>			
<b>Government-Wide Financial Statements:</b>			
Statement of Net Position	A	-	5
Statement of Activities	B	-	6
<b>Fund Financial Statements:</b>			
Governmental Funds Balance Sheet	C	-	7
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position	D	-	8
Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balances	E	-	9
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities	F	-	10
<b>Fiduciary Fund:</b>			
Statement of Fiduciary Net Position - Agency Fund	G	-	11
Notes to the Financial Statements	-	-	12 - 25
<b>Required Supplemental Information:</b>			
<b>Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual:</b>			
General Fund	-	1	27
4-Mill Gymnasium Fund	-	2	28
Debt Service Fund	-	3	29
<b>Other Supplemental Information:</b>			
Schedule of Changes in Unsettled Deposits - Agency Fund	-	4	31
Schedule of Compensation Paid Board Members	-	5	32
Schedule of Compensation, Benefits, and Other Payments to Agency Head	-	6	33
<b>Other Independent Auditor's Reports and Findings, Recommendations, and Responses:</b>			
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			35 - 36
Schedule of Current Year Findings, Recommendations, and Responses	-	-	37
Schedule of Prior Year Findings, Recommendations, and Responses	-	-	38

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June 20, 2017

Independent Auditor's Report

Mr. Ronald Rocquin, Chairman  
and Members of the Board of Commissioners  
Ponchatoula Area Recreation District No. 1  
Ponchatoula, LA 70454

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Ponchatoula Area Recreation District No. 1 as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Ponchatoula Area Recreation District No. 1's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Ponchatoula Area Recreation District No. 1 as of December 31, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

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

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

*Other Information*

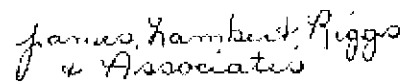
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Ponchatoula Area Recreation District No. 1's basic financial statements. The schedule of compensation, benefits, and other payments to agency head is presented for purposes of additional analysis and is not a required part of the financial statements.

The schedule of changes in unsettled deposits – agency fund, the schedule of compensation paid board members, and the schedule of compensation, benefits, and other payments to agency head is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation, benefits, and other payments to agency head is fairly stated in all material respects in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2017, on our consideration of the Ponchatoula Area Recreation District No. 1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Ponchatoula Area Recreation District No. 1's internal control over financial reporting and compliance.

Respectfully submitted,

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

James, Lambert, Riggs and Associates, Inc.

## **Basic Financial Statements**

**Ponchatoula Area Recreation District No. 1**  
**Ponchatoula, Louisiana**  
**Statement of Net Position**  
**December 31, 2016**

Exhibit A

	<b>Governmental Activities</b>
<b>Assets</b>	
Cash and Cash Equivalents	\$ 334,072
Investments	52,431
Accounts Receivable, Net	1,816,430
Prepaid Expenses	40,446
Restricted Assets:	
Cash and Cash Equivalents	337,336
Capital Assets Not Being Depreciated:	
Land	1,809,453
Capital Assets, Net of Accumulated Depreciation	7,757,471
<b>Total Assets</b>	<b>\$ 12,147,639</b>
<b>Deferred Outflows of Resources</b>	
Deferred Amount on Refunding of Debt	\$ 350,696
<b>Total Deferred Outflows of Resources</b>	<b>\$ 350,696</b>
<b>Liabilities</b>	
Accounts Payable	\$ 11,068
Accrued Payroll	9,884
Payroll Taxes Payable	22,265
Sheriff's Pension Payable	68,719
Accrued Interest Payable	7,257
Unamortized Bond Premium	2,175
Long-Term Debt - Current	130,000
Long-Term Debt - Non-Current	4,190,000
<b>Total Liabilities</b>	<b>\$ 4,441,368</b>
<b>Net Position</b>	
Net Investment in Capital Assets	\$ 3,437,471
Restricted for Debt Service	276,893
Unrestricted	4,342,603
<b>Total Net Position</b>	<b>\$ 8,056,967</b>

The accompanying notes are an integral part of this statement.

**Ponchatoula Area Recreation District No. 1**  
**Ponchatoula, Louisiana**  
**Statement of Activities**  
**For the Year Ended December 31, 2016**

Exhibit B

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net Revenue (Expense) &amp; Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Capital Grants</u>	<u>Governmental Activities</u>
<b>Governmental Activities:</b>				
Parks and Recreation	\$ 1,143,085	\$ -	\$ -	\$ (1,143,085)
Depreciation	364,040	-	-	(364,040)
Amortization of Bond Costs	(1,841)	-	-	1,841
Interest on Debt Service	290,030	-	-	(290,030)
<b>Total Governmental Activities</b>	<u>\$ 1,795,314</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(1,795,314)</u>
<b>General Revenues:</b>				
Ad Valorem Taxes				1,717,641
State Revenue Sharing				117,685
Donations				23,750
Other Income				57,814
<b>Total General Revenues</b>				<u>1,916,890</u>
 Change in Net Position				 121,576
 <b>Net Position - Beginning of the Year</b>				 <u>7,935,391</u>
<b>Net Position - End of the Year</b>				<u>\$ 8,056,967</u>

The accompanying notes are an integral part of this statement.



**Ponchatoula Area Recreation District No. 1**  
**Ponchatoula, Louisiana**  
**Governmental Funds Balance Sheet**  
**December 31, 2016**

Exhibit C

	General Fund	4-Mill Gymnasium Fund	Debt Service Fund	Total
<b>Assets</b>				
Cash and Cash Equivalents	\$ 334,072	\$ -	\$ -	\$ 334,072
Investments	52,431	-	-	52,431
Accounts Receivable, Net	1,335,140	481,290	-	1,816,430
<b>Restricted Assets:</b>				
Cash and Cash Equivalents	-	336,629	707	337,336
<b>Total Assets</b>	<b>\$ 1,721,643</b>	<b>\$ 817,919</b>	<b>\$ 707</b>	<b>\$ 2,540,269</b>
 <b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ 11,068	\$ -	\$ -	\$ 11,068
Accrued Payroll	9,884	-	-	9,884
Payroll Taxes Payable	22,265	-	-	22,265
Pension Fund Mandate Payable	49,190	19,529	-	68,719
<b>Total Liabilities</b>	92,407	19,529	-	111,936
 <b>Fund Balances:</b>				
Restricted for Debt Service	-	276,186	707	276,893
Unassigned	1,629,236	522,204	-	2,151,440
<b>Total Fund Balances</b>	1,629,236	798,390	707	2,428,333
 <b>Total Liabilities and Fund Balances</b>	<b>\$ 1,721,643</b>	<b>\$ 817,919</b>	<b>\$ 707</b>	<b>\$ 2,540,269</b>

The accompanying notes are an integral part of this statement.

**Ponchatoula Area Recreation District No. 1**  
**Ponchatoula, Louisiana**  
 Reconciliation of the Governmental Funds Balance Sheet to the  
 Government-Wide Statement of Net Position  
 For the Year Ended December 31, 2016

Exhibit D

**Fund Balances - Total Governmental Funds (Exhibit C)** \$ 2,428,333

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

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

Governmental Capital Assets	11,866,010
Less: Accumulated Depreciation	(2,299,086)

Prepaid Insurance at December 31, 2016	40,446
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Deferred Outflows of Resources - Deferred Amount on Refunding	350,696
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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.	(7,257)
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Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the governmental funds:

Current (Short-Term) Obligations:	
Revenue Bonds	(130,000)
Non-Current (Long-Term) Obligations:	
Revenue Bonds	(4,190,000)
Unamortized Bond Discount	<u>(2,175)</u>

**Net Position of Governmental Activities (Exhibit A)** \$ 8,056,967

The accompanying notes are an integral part of this statement.

**Ponchatoula Area Recreation District No. 1**  
**Ponchatoula, Louisiana**  
**Statement of Governmental Fund Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**For the Year Ended December 31, 2016**

Exhibit E

	General Fund	4-Mill Gymnasium Fund	Debt Service Fund	Total
<b>Revenues:</b>				
Ad Valorem Taxes	\$ 1,227,811	\$ 489,830	\$ -	\$ 1,717,641
State Revenue Sharing	117,685	-	-	117,685
Donations	23,750	-	-	23,750
Other Income	57,814	-	-	57,814
<b>Total Revenues</b>	1,427,060	489,830	-	1,916,890
<b>Expenditures:</b>				
Parks and Recreation:				
Salaries and Related Benefits	690,005	-	-	690,005
Legal and Professional	31,613	-	-	31,613
Repairs & Maintenance	126,475	-	-	126,475
Telephone and Utilities	77,160	-	-	77,160
Office Expenses	37,830	3,275	-	41,105
Insurance	80,945	-	-	80,945
Pension Fund Mandate	49,190	19,529	-	68,719
Bad Debt Expense	2,000	-	-	2,000
Other	22,401	-	-	22,401
Capital Outlay	91,338	-	-	91,338
Debt Service	-	266,418	-	266,418
<b>Total Expenditures</b>	1,208,957	289,222	-	1,498,179
<b>Excess / (Deficiency) of</b>				
<b>Revenues over Expenditures</b>	218,103	200,608	-	418,711
<b>Other Financing Sources / (Uses):</b>				
Operating Transfers In / (Out)	(87,445)	87,445	-	-
<b>Total Other Financing Sources / (Uses)</b>	(87,445)	87,445	-	-
<b>Change in Fund Balances</b>	130,658	288,053	-	418,711
<b>Fund Balance - Beginning of the Year</b>	1,498,578	510,337	707	2,009,622
<b>Fund Balance - End of the Year</b>	\$ 1,629,236	\$ 798,390	\$ 707	\$ 2,428,333

The accompanying notes are an integral part of this statement.

**Ponchatoula Area Recreation District No. 1**

Exhibit F

**Ponchatoula, Louisiana**

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and  
Changes in Fund Balance to the Government-Wide Statement of Activities  
For the Year Ended December 31, 2016

<b>Net Change in Fund Balances - Total Governmental Funds (Exhibit E)</b>	\$	418,711
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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		91,338
Depreciation Expense		(364,040)

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

Prior Year Prepaid Insurance		(43,108)
Current Year Prepaid Insurance		40,446

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

Prior Year Accrued Interest		4,174
Current Year Accrued Interest		(7,257)

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		125,000
Amortization of Bond Premium		1,841
Amortization of Deferred Amounts on Bond Refunding		<u>(145,529)</u>

<b>Change in Net Position of Governmental Activities (Exhibit B)</b>	<b>\$</b>	<b><u>121,576</u></b>
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The accompanying notes are an integral part of this statement.

**Ponchatoula Area Recreation District No. 1**  
**Ponchatoula, Louisiana**  
**Statement of Fiduciary Net Position**  
**December 31, 2016**

Exhibit G

	<u>PARD Sports Program</u>
<b>Assets</b>	
Cash and Cash Equivalents	\$ <u>8,714</u>
<b>Total Assets</b>	<b>\$ <u>8,714</u></b>
<b>Liabilities</b>	
Due to Others	\$ <u>8,714</u>
<b>Total Liabilities</b>	<b>\$ <u>8,714</u></b>
<b>Total Net Position</b>	<b>\$ <u>-</u></b>

The accompanying notes are an integral part of this statement.

**Ponchatoula Area Recreation District No. 1**  
**Ponchatoula, Louisiana**  
Notes to Financial Statements  
For the Year Ended December 31, 2016

**Narrative Profile**

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

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

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

The accounting and reporting policies of the District conform to generally accepted accounting principles (GAAP) 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 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. As the governing authority of the parish, for reporting purposes, the Tangipahoa Parish 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 Tangipahoa Parish Council, the District was determined to be a component unit of the Tangipahoa Parish 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. Fund Accounting**

The District uses fund accounting to maintain its financial records and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating

**Ponchatoula Area Recreation District No. 1**  
**Ponchatoula, Louisiana**  
Notes to Financial Statements (Continued)  
For the Year Ended December 31, 2016

transactions related to certain District functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

*Governmental Funds*

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

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

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

Debt Service Fund – accounts for the receipt and disbursement of funds required to service the District's outstanding bonded indebtedness.

*Fiduciary Fund*

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

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

C. Measurement Focus / Basis of Accounting

*Basic Financial Statements – Government-Wide Financial Statements*

The Statement of Net Position and the Statement of Activities display information about the District as a whole. These statements include all the non-fiduciary activities of the District with most of the interfund activities removed. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

**Ponchatoula Area Recreation District No. 1**  
**Ponchatoula, Louisiana**  
Notes to Financial Statements (Continued)  
For the Year Ended December 31, 2016

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

*Basic Financial Statements – Governmental Funds*

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

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

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

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

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



**Ponchatoula Area Recreation District No. 1**  
**Ponchatoula, Louisiana**  
Notes to Financial Statements (Continued)  
For the Year Ended December 31, 2016

D. Budgets and Budgetary Accounting

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

1. The District adopts a budget each year for the general fund and special revenue funds, if applicable.
2. The Chairman prepares a proposed budget and submits it to the Board of Commissioners for consideration no later than fifteen days prior to the beginning of each fiscal year. At the same time, if total proposed expenditures are \$500,000 or more, a notice of public hearing on the proposed budget must be published in the official journal.
3. All action necessary to adopt and implement the budget must be completed prior to the beginning of the fiscal year. A hearing on the proposed budget was held on December 17, 2015. The budget was adopted on December 17, 2015.
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 27, 2016.
5. The budgets are integrated into the accounting system, and the budgetary data, as presented in the financial statements for all funds with annual budgets, compare the expenditures with the amended budgets. All budgets are presented on the modified accrual basis of accounting. Accordingly, the Budgetary Comparison Schedule for the General Fund presents actual expenditures in accordance with the accounting principles generally accepted in the United States of America on a basis consistent with the legally adopted budgets as amended. Unexpended appropriations on annual budgets lapse at the end of each fiscal year.

E. Cash, Cash Equivalents, and Investments

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

F. Allowance for Uncollectible Accounts

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

**Ponchatoula Area Recreation District No. 1**  
**Ponchatoula, Louisiana**  
Notes to Financial Statements (Continued)  
For the Year Ended December 31, 2016

G. 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, 2016, as the amount is immaterial.

H. Prepaid Items

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

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 \$300 is met. Capital assets are valued at historical cost or estimated historical cost if actual cost was not available. Donated capital assets are valued at their estimated fair market value at the date of donation.

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

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

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

**Ponchatoula Area Recreation District No. 1**  
**Ponchatoula, Louisiana**  
Notes to Financial Statements (Continued)  
For the Year Ended December 31, 2016

L. Compensated Absences

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

*Sick Leave*

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

*Vacation Leave*

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

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

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 – this component of net position consists of assets that have constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.
3. Unrestricted – all other net position is reported in this category

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

N. Fund Balance

In the governmental fund financial statements, fund balances are 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.

**Ponchatoula Area Recreation District No. 1**  
**Ponchatoula, Louisiana**  
Notes to Financial Statements (Continued)  
For the Year Ended December 31, 2016

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

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

O. Interfund Transactions

Permanent re-allocation of resources between funds of the District are classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

P. Estimates

The preparation of financial statements in conformity with U.S. GAAP 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

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and all Special Revenue Funds. All annual appropriations lapse at year-end. See Note 1 for the procedures the District follows regarding budgets and budgetary accounting. The District complied with the Louisiana Local Government Budget Act in adopting and amending its budget for the year ended December 31, 2016.

B. Deposits and Investment Laws and Regulations

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

**Ponchatoula Area Recreation District No. 1**  
**Ponchatoula, Louisiana**  
Notes to Financial Statements (Continued)  
For the Year Ended December 31, 2016

C. Deficit Fund Equity

As of December 31, 2016, no District funds had deficit fund balances.

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

As reflected on Exhibit A, the District has cash totaling \$671,408 (of which \$337,336 is restricted) and investments totaling \$52,431 at December 31, 2016. As reflected on Exhibit G, the District is holding cash totaling \$8,714 for fiduciary purposes at December 31, 2016.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. The District does not have a deposit policy for custodial credit risk. The following is a summary of cash and investments (bank balances) at December 31, 2016, with the related federal deposit insurance and pledged securities:

Bank Balances:	
Insured (FDIC Insurance)	\$ 250,000
Uninsured and Collateralized:	
Collateral held by pledging bank's trust department not in the District's name	461,160
Uninsured and Uncollateralized	<u>-</u>
Total Deposits	<u>\$ 711,160</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.

At December 31, 2016, the District's investment balance was as follows:

	<u>Reported Amount</u>	<u>Fair Value</u>
Louisiana Asset Management Pool	<u>\$ 52,431</u>	<u>\$ 52,431</u>

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

GASB Statement No. 40, Deposit and Investment Risk Disclosure, requires disclosure of credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk for all public entity investments.

**Ponchatoula Area Recreation District No. 1**  
**Ponchatoula, Louisiana**  
Notes to Financial Statements (Continued)  
For the Year Ended December 31, 2016

LAMP is a 2a7-like investment pool. The following facts are relevant for 2a7 like investment pools:

- Credit Risk: LAMP is rated AAAM by Standard & Poor's.
- Custodial Credit Risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of Credit Risk: Pooled investments are excluded from the 5% disclosure requirement.
- Interest Rate Risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days. The WAM for LAMP's total investments was 48 days as of September 27, 2016.
- Foreign Currency Risk: Not applicable to 2a7-like pools.

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

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

If you have any questions, please feel free to contact the LAMP administrative office at 800-249-5267.

**4. Receivables**

Receivables represent revenues earned in 2016 and received in 2017 as follows:

	General	4-Mill Gymnasium	Debt Service	Total
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u></u>
Tangipahoa Parish Sheriff:				
Ad Valorem Taxes	\$ 1,275,285	\$ 506,290	\$ -	\$ 1,781,575
State Revenue Sharing	117,685	-	-	117,685
Other Receivables	6,000	-	-	6,000
Less: Allowance for Uncollectible	<u>(63,830)</u>	<u>(25,000)</u>	-	<u>(88,830)</u>
Accounts Receivable, Net	<u>\$ 1,335,140</u>	<u>\$ 481,290</u>	<u>\$ -</u>	<u>\$ 1,816,430</u>

**Ponchatoula Area Recreation District No. 1**  
**Ponchatoula, Louisiana**  
Notes to Financial Statements (Continued)  
For the Year Ended December 31, 2016

**5. Capital Assets**

Capital assets and depreciation activity as of and for the year ended December 31, 2016, are as follows:

	<u>Balance</u> <u>01/01/16</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/16</u>
<b>Capital Assets not Depreciated:</b>				
Land	\$ 1,809,453	\$ -	\$ -	\$ 1,809,453
Construction in Progress	<u>15,900</u>	<u>-</u>	<u>15,900</u>	<u>-</u>
<b>Total Capital Assets not Depreciated</b>	<b>1,825,353</b>	<b>-</b>	<b>15,900</b>	<b>1,809,453</b>
<b>Other Capital Assets:</b>				
Buildings	5,812,476	-	-	5,812,476
Land Improvements	3,504,567	41,871	-	3,546,438
Equipment	<u>632,276</u>	<u>65,367</u>	<u>-</u>	<u>697,643</u>
<b>Total Other Capital Assets</b>	<b>9,949,319</b>	<b>107,238</b>	<b>-</b>	<b>10,056,557</b>
<b>Less Accumulated Depreciation:</b>				
Buildings	728,540	146,934	-	875,474
Land Improvements	867,428	139,241	-	1,006,669
Equipment	<u>339,078</u>	<u>77,865</u>	<u>-</u>	<u>416,943</u>
<b>Total Accumulated Depreciation</b>	<b><u>1,935,046</u></b>	<b><u>364,040</u></b>	<b><u>-</u></b>	<b><u>2,299,086</u></b>
<b>Other Capital Assets, Net</b>	<b><u>8,014,273</u></b>	<b><u>(256,802)</u></b>	<b><u>-</u></b>	<b><u>7,757,471</u></b>
<b>Totals</b>	<b><u>\$ 9,839,626</u></b>	<b><u>\$ (256,802)</u></b>	<b><u>\$ 15,900</u></b>	<b><u>\$ 9,566,924</u></b>

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

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

**Ponchatoula Area Recreation District No. 1**  
**Ponchatoula, Louisiana**  
Notes to Financial Statements (Continued)  
For the Year Ended December 31, 2016

**6. Long-Term Debt**

The following is a summary of changes in long-term debt for the year ended December 31, 2016:

Type of Debt	Balance at 01/01/16	Debt Issued	Debt Retired	Balance at 12/31/16	Due Within One Year
Series 2009 \$6,160,000 Revenue Bonds	\$ 415,000	\$ -	\$ 100,000	\$ 315,000	\$ 100,000
Series 2015 \$4,030,000 Revenue Bonds	<u>4,030,000</u>	<u>-</u>	<u>25,000</u>	<u>4,005,000</u>	<u>30,000</u>
	<u>\$ 4,445,000</u>	<u>\$ -</u>	<u>\$ 125,000</u>	<u>\$ 4,320,000</u>	<u>\$ 130,000</u>

As of December 31, 2016, long-term debt of the District consisted of the following:

*Revenue Bonds:*

\$6,160,000 Revenue Bonds (Ponchatoula Area Recreation District No. 1 Project), Series 2009 dated August 11, 2009; Due in annual installments of \$105,000 - \$365,000 through March 15, 2039; With interest at variable rates. \$ 315,000

\$4,030,000 Limited Tax Refunding Bonds, Series 2015 dated December 23, 2015; Due in annual installments of \$25,000 - \$270,000 through June 1, 2039; With interest at variable rates (Payable from a pledge and dedication of the proceeds of the 30-year, 4 mill ad valorem tax). \$ 4,005,000

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

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

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



**Ponchatoula Area Recreation District No. 1**  
**Ponchatoula, Louisiana**  
Notes to Financial Statements (Continued)  
For the Year Ended December 31, 2016

The annual requirements to amortize all debt outstanding at December 31, 2016, including interest payments of \$2,002,242 are as follows:

Year Ended December 31,	\$6,160,000 Revenue Bonds	\$4,030,000 Revenue Bonds	Total
2017	\$ 109,661	\$ 166,525	\$ 276,186
2018	111,071	166,135	277,206
2019	112,090	165,745	277,835
2020	-	274,150	274,150
2021	-	271,350	271,350
2022 - 2026	-	1,376,400	1,376,400
2027 - 2031	-	1,382,463	1,382,463
2032 - 2036	-	1,368,786	1,368,786
2037 - 2039	-	817,866	817,866
	<u>332,822</u>	<u>5,989,420</u>	<u>6,322,242</u>
Less: Interest Portion	<u>17,822</u>	<u>1,984,420</u>	<u>2,002,242</u>
	<u>\$ 315,000</u>	<u>\$ 4,005,000</u>	<u>\$ 4,320,000</u>

**7. Ad Valorem Taxes**

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

General Fund	10.00 Mills
4-Mill Gymnasium Fund	3.97 Mills

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

The Tangipahoa Parish Sheriff bills and collects property taxes for the District using the assessed values determined by the Tax Assessor of Tangipahoa Parish. For the year ended December 31, 2016, taxes were levied on property with taxable assessed valuations totaling \$127,661,724.

Total taxes levied were \$1,783,437. At December 31, 2016, the ad valorem tax receivable was \$1,781,575 and the state revenue sharing receivable was \$117,685. Ad valorem taxes receivable at December 31, 2016, are recorded net of a 5% allowance for uncollectible taxes.

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

Proceeds of the 10 year special tax of 10 mills on the dollar of assessed valuation on all property subject to taxation in the District (2016 collections \$1,276,617) are dedicated for the purpose of acquiring, constructing, improving, maintaining, and / or operating recreational facilities and activities in and for the District.

**Ponchatoula Area Recreation District No. 1**  
**Ponchatoula, Louisiana**  
Notes to Financial Statements (Continued)  
For the Year Ended December 31, 2016

Proceeds of the 30 year special tax of 4 mills on the dollar of assessed valuation on all property subject to taxation in the District (2016 collections \$506,819) are dedicated for the purpose of providing funds to acquire, improve, and equip a multipurpose gymnasium facility and other recreation facilities within the District; to pay the operation and maintenance costs and expenses in connection therewith; and to authorize the funding of the proceeds of said tax into bonds.

The District, through its governing authority, adopted a resolution on July 28, 2009, authorizing the issuance of \$6,160,000 of Revenue Bonds (Ponchatoula Area Recreation District No. 1 Project), Series 2009, for the purpose of acquiring, designing, constructing, and equipping a multipurpose gymnasium facility and other recreational facilities within the District. In that resolution, the proceeds of the ten (10.00) mills, ten (10) year property tax and the four (4.00) mills, thirty (30) year property tax were pledged and dedicated in an amount sufficient for payment of the bonds authorized and interest as they become due and for other purposes.

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

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

As of December 31, 2016, the District was in compliance with all bond covenants.

**9. Interfund Transfers**

Operating transfers between the General Fund to the 4-Mill Gymnasium Fund consist primarily of surplus property taxes transferred to assist with the annual debt service payments on the \$6,160,000 Revenue Bonds.

	Transfers In From	Transfers Out To
General Fund:		
4-Mill Fund	\$ -	\$ 87,445
Total General Fund	-	87,445
4-Mill Fund:		
General Fund	87,445	-
Total 4-Mill Fund	\$ 87,445	\$ -

**Ponchatoula Area Recreation District No. 1**  
**Ponchatoula, Louisiana**  
Notes to Financial Statements (Continued)  
For the Year Ended December 31, 2016

**10. Deferred Compensation Plan**

The District maintains an Oppenheimer Funds SIMPLE IRA plan under Section 408 of the Internal Revenue Code. Under the plan, qualified employees may defer up to \$12,000 of their salary. The District will match up to 3% of the employee's salary. The District's contributions totaled \$11,836 during the year ended December 31, 2016.

**11. Litigation**

There is no litigation pending against the District at December 31, 2016.

**12. Subsequent Event**

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 20, 2017, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

**Required Supplemental Information:**  
**Budgetary Comparison Schedules**

**Ponchatoula Area Recreation District No. 1**  
**Ponchatoula, Louisiana**  
 Budgetary Comparison Schedule – General Fund  
 For the Year Ended December 31, 2016

Schedule 1

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Final Budget Variance - Favorable / (Unfavorable)
<b>Revenues:</b>				
Ad Valorem Taxes	\$ 1,085,000	\$ 1,200,000	\$ 1,227,811	\$ 27,811
State Revenue Sharing	100,750	110,000	117,685	7,685
Donations	15,500	23,000	23,750	750
Other Income	30,430	30,430	45,566	15,136
<b>Total Revenues</b>	1,231,680	1,363,430	1,414,812	51,382
<b>Expenditures:</b>				
Parks and Recreation:				
Salaries and Related Benefits	621,760	655,760	690,005	(34,245)
Legal and Professional	12,500	25,000	31,613	(6,613)
Repairs & Maintenance	186,000	196,000	126,475	69,525
Telephone and Utilities	68,000	82,000	77,160	4,840
Office Expenses	47,000	67,500	37,830	29,670
Insurance	88,200	82,000	80,945	1,055
Pension Fund Mandate	46,000	46,000	49,190	(3,190)
Bad Debt Expense	-	-	2,000	(2,000)
Other	22,500	23,500	17,308	6,192
Capital Outlay	145,000	145,000	91,338	53,662
<b>Total Expenditures</b>	1,236,960	1,322,760	1,203,864	118,896
<b>Excess / (Deficiency) of</b>				
Revenues over Expenditures	(5,280)	40,670	210,948	170,278
<b>Other Financing Sources /</b>				
<b>(Uses):</b>				
Operating Transfers In (Out)	(95,000)	-	(87,445)	(87,445)
<b>Total Other Financing</b>	(95,000)	-	(87,445)	(87,445)
<b>Sources (Uses)</b>	(95,000)	-	(87,445)	(87,445)
<b>Change in Fund Balances</b>	(100,280)	40,670	123,503	82,833
<b>Fund Balance:</b>				
Beginning of the Year	1,498,578	1,498,578	1,498,578	-
End of the Year	\$ 1,398,298	\$ 1,539,248	\$ 1,622,081	\$ 82,833

See auditor's report

**Ponchatoula Area Recreation District No. 1**  
**Ponchatoula, Louisiana**  
 Budgetary Comparison Schedule – 4-Mill Gymnasium Fund  
 For the Year Ended December 31, 2016

Schedule 2

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Final Budget Variance - Favorable / (Unfavorable)</u>
<b>Revenues:</b>				
Ad Valorem Taxes	\$ 500,000	\$ 475,000	\$ 489,830	\$ 14,830
<b>Total Revenues</b>	<u>500,000</u>	<u>475,000</u>	<u>489,830</u>	<u>14,830</u>
<b>Expenditures:</b>				
Parks and Recreation:				
Office Expenses	25	25	3,275	(3,250)
Pension Fund Mandate	19,000	21,000	19,529	1,471
Debt Service	<u>287,647</u>	<u>266,418</u>	<u>266,418</u>	<u>-</u>
<b>Total Expenditures</b>	<u>306,672</u>	<u>287,443</u>	<u>289,222</u>	<u>(1,779)</u>
<b>Excess / (Deficiency) of Revenues over Expenditures</b>	193,328	187,557	200,608	13,051
<b>Other Financing Sources / (Uses):</b>				
Operating Transfers In (Out)	<u>95,000</u>	<u>-</u>	<u>87,445</u>	<u>87,445</u>
<b>Total Other Financing Sources (Uses)</b>	<u>95,000</u>	<u>-</u>	<u>87,445</u>	<u>87,445</u>
<b>Change in Fund Balances</b>	288,328	187,557	288,053	100,496
<b>Fund Balance:</b>				
Beginning of the Year	<u>510,337</u>	<u>510,337</u>	<u>510,337</u>	<u>-</u>
End of the Year	<u>\$ 798,665</u>	<u>\$ 697,894</u>	<u>\$ 798,390</u>	<u>\$ 100,496</u>

See auditor's report

Ponchatoula Area Recreation District No. 1

Schedule 3

Ponchatoula, Louisiana

Budgetary Comparison Schedule – Debt Service Fund

For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget Favorable / (Unfavorable)
<b>Revenues:</b>				
Other Income	\$ -	\$ -	\$ -	\$ -
<b>Total Revenues</b>	-	-	-	-
<b>Expenditures:</b>				
Office Expenses	-	-	-	-
Debt Service	-	-	-	-
<b>Total Expenditures</b>	-	-	-	-
<b>Change in Fund Balances</b>	-	-	-	-
<b>Fund Balance:</b>				
Beginning of the Year	707	707	707	-
End of the Year	\$ 707	\$ 707	\$ 707	\$ -

See auditor's report

## **Other Supplemental Information**



**Ponchatoula Area Recreation District No. 1**  
**Ponchatoula, Louisiana**  
Schedule of Changes in Unsettled Deposits – Agency Fund  
For the Year Ended December 31, 2016

Schedule 4

<b>Unsettled Deposits - Beginning of the Year</b>	\$ 18,712
<b>Additions:</b>	
Deposits:	
Online Registrations	130,370
Interest	<u>38</u>
<b>Total Additions</b>	<b>130,408</b>
<b>Reductions:</b>	
Ponchatoula Little Conference Football	253
Ponchatoula Youth Baseball	75,242
Ponchatoula Youth Basketball	55,234
Ponchatoula Youth Volleyball	5,627
Online Processing Fees	3,505
Other Reimbursements	<u>545</u>
<b>Total Reductions</b>	<b><u>140,406</u></b>
<b>Unsettled Deposits - End of the Year</b>	<b><u>\$ 8,714</u></b>

See auditor's report.

**Ponchatoula Area Recreation District No. 1**  
**Ponchatoula, Louisiana**  
Schedule of Compensation Paid Board Members  
For the Year Ended December 31, 2016

Schedule 5

<u>Name and Address</u>	<u>Position</u>	<u>Salary</u>	<u>Term Expires</u>
Ronald Rocquin 11533 Spring Creek Drive Hammond, LA 70403	Chairman	\$ -	April 2021
Terry Byers 40271 Byers Rd Ponchatoula, LA 70454	Commissioner	-	April 2017
Greg Fletcher 618 W. Willow Ponchatoula, LA 70454	Commissioner	-	April 2018
Eldrid L. Palmer, Jr. 18287 Sharon Drive Ponchatoula, LA 70454	Commissioner	-	April 2019
Roger Kennedy 39092 Dutch Lane Ponchatoula, LA 70454	Commissioner	-	April 2020
		<hr style="width: 100%; border: 0.5px solid black;"/>	
		<u>\$ -</u>	

See auditor's report.

Ponchatoula Area Recreation District No. 1

Schedule 6

Ponchatoula, Louisiana

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

For the Year Ended December 31, 2016

Agency Head: Paul Jacob Stevens, Park Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 71,829
Benefits - Insurance	12,252
Benefits - Retirement	2,155
Deferred Compensation	-
Benefits - Other - Supplemental Pay	-
Car Allowance	-
Vehicle Provided by Government	-
Vehicle Rental	-
Cell Phone	-
Dues	-
Per Diem	-
Reimbursements	-
Travel	-
Registration Fees	-
Conference Travel	-
Housing	-
Unvouchered Expenses	-
Special Meals	-
Other	-
	<u>\$ 86,236</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

Ashley L. Braud, CPA  
Samantha D. Wagner, CPA  
Christie J. Barado  
Megan E. Lynch  
B. Jacob Steib  
Debbie G. Faust, EA  
Ramona K. Huckabee, EA



JAMES  
LAMBERT RIGGS  
& ASSOCIATES, INC.  
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Member of  
American Institute of CPAs  
Society of Louisiana CPAs

June 20, 2017

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. Ronald Rocquin, Chairman  
and Members of the Board of Commissioners  
Ponchatoula Area Recreation District No. 1  
Ponchatoula, LA 70454

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Ponchatoula Area Recreation District No. 1, as of for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise Ponchatoula Area Recreation District No. 1's basic financial statements, and have issued our report thereon dated June 20, 2017.

**Internal Control over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or 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 combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of current year findings, recommendations, and responses that we consider to be material weaknesses and that is identified as item 2016-001.

**Compliance and Other Matters**

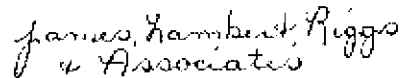
As part of obtaining reasonable assurance about whether Ponchatoula Area Recreation District No. 1’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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

This report is intended solely for the information and use of management, the Louisiana Legislative Auditor, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

Handwritten signature of James Lambert Riggs in cursive script.

James Lambert Riggs and Associates, Inc.  
(A Professional Corporation)

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

**Internal Control over Financial Reporting**

**2016-001 – Financial Statement Preparation**

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

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

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

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

*Recommendation:* We recommend no action be taken.

*Management's Response:* Management has determined that the most cost effective and prudent use of District's financial resources is to engage the auditor to propose year-end adjustments and prepare the financial statements. As such, no action will be taken at this time.

**Compliance and Other Matters**

None

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

<u>Ref #</u>	<u>Fiscal Year Findings Initially Occurred</u>	<u>Description of Findings</u>	<u>Corrective Action Taken</u>
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**Internal Control over Financial Reporting**

None

**Compliance and Other Matters**

2015-01	December 31, 2015	Louisiana Local Government Budget Act	Resolved
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***Note: This schedule prepared by management of the Ponchatoula Area Recreation District No. 1.***