

ST. TAMMANY RECREATION DISTRICT #12

FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED

DECEMBER 31, 2021



ERICKSEN KRENTEL LLP
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
St. Tammany Parish Recreation District #12

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of St. Tammany Parish Recreation District #12, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of St. Tammany Parish Recreation District #12, as of December 31, 2021, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statement

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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



To the Board of Commissioners
St. Tammany Parish Recreation District #12
May 18, 2022

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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



To the Board of Commissioners
St. Tammany Parish Recreation District #12
May 18, 2022

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise of the District's basic financial statements. The accompanying schedules of compensation paid to board members and compensation, benefits, and other payments to agency head are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of compensation paid to board members and compensation, benefits, and other payments to agency head are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.



ERICKSEN KRENTEL LLP

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

To the Board of Commissioners
St. Tammany Parish Recreation District #12
May 18, 2022

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 18, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 St. Tammany Parish Recreation District #12's internal control over financial reporting and compliance.

May 18, 2022
Mandeville, Louisiana

Ericksen Krentel, LLP

Certified Public Accountants

REQUIRED SUPPLEMENTARY INFORMATION

ST. TAMMANY RECREATION DISTRICT #12
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2021

Management's Discussion and Analysis (MD&A) is a required element of the reporting model adopted by the Governmental Accounting Standards Board Statement No. 34. Its purpose is to provide an overview of the financial activities of the St. Tammany Parish Recreation District #12 (the District) office based on currently known facts and decisions of management. Please read it in conjunction with the District's financial statements, which begin on page 7.

The basic financial statements include government-wide and governmental fund statements. The government-wide Statement of Net Position and Statement of Activities present information for the activities of the District office, which include an economic resources measurement focus using the accrual basis of accounting. Primarily, the difference between these statements and governmental fund statements is that assets are capitalized and depreciated over their estimated useful life versus expensed in the governmental fund statements and debt is reported as a liability and paid down as scheduled versus expensed in the governmental fund statements. The Balance Sheet – Governmental Funds details the assets and liabilities of the governmental funds, whereas the Reconciliation of Balance Sheet – Governmental Funds to the Statement of Net Position reflects the differences from the amounts reported in the Statement of Net Position. The Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds reflects the current year receipts and disbursements of funds and the Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities report the differences in the changes in fund balances to the changes in net position of the governmental activities. The differences between the adopted budget and the actual activities are reflected in the Schedule of Revenues, Expenditures, and Change in Fund Balance – Budget to Actual – General Fund.

The District is considered a component unit of St. Tammany Parish. The accompanying financial statements only present information on the funds maintained by the District.

STATEMENT OF NET POSITION AND STATEMENT OF ACTIVITIES

Our analysis of the funds maintained by the District as a whole begins below. The Statement of Net Position and Statement of Activities report information about the funds maintained by the District as a whole. These statements include all assets and liabilities using the accrual basis of accounting.

These two statements report the District's net position and the changes in net position. The difference between the assets plus deferred outflows of resources and the liabilities plus deferred inflows of resources, or net position, measures the District's financial position. Increases and decreases in net position are an indicator of whether its financial health is improving or declining.

The District records the funds maintained by the District as governmental activities in the Statement of Net Position and Statement of Activities.

Expenses paid from the funds maintained are reported as governmental activities and primarily consist of salaries, capital outlay, debt service, and sports related costs. Ad valorem taxes and fees from sporting events finance most of the activities of the District.

ST. TAMMANY RECREATION DISTRICT #12
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2021

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve as a useful indicator of the District's financial position. The District's total net position increased from \$1,455,337 to \$1,497,864 due primarily to the District's increase in ad valorem taxes during the year ended December 31, 2021.

As of December 31, 2021 and 2020, the District had \$53,157 and \$10,797 in cash and cash equivalents, respectively, and the balance of cash – LAMP investments was \$70,397 and \$20,345, respectively. The District had \$290,060 and \$325,235 in funds receivable from property taxes and net capital assets of \$1,441,964 and \$1,501,939, respectively, as of December 31, 2021 and 2020. Total assets for the period decreased from \$1,876,388 as of December 31, 2020 to \$1,874,317 as of December 31, 2021. The District had \$365,000 and \$411,000 bonds payable outstanding as of December 31, 2021 and 2020, respectively.

Total revenue for the District for December 31, 2021 and 2020 was \$462,183 and \$413,110, respectively. The slight decrease is due to a decrease in revenue from culture and recreation due to program closures with the COVID-19 pandemic.

The District's expenses, excluding depreciation expense, were \$419,656 and \$539,003 for the years ended December 31, 2021 and 2020, respectively.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The District uses funds to ensure and demonstrate compliance with finance and budget related laws and regulations.

The District uses governmental funds as follows:

Governmental funds are reported in the fund financial statements and encompass the same function as governmental activities in the government-wide financial statements. However, the focus is very different with fund financial statements providing a distinctive view of the District's governmental funds, including object classifications. These statements report short-term fiscal accountability focusing on the use of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between the two perspectives may provide insight into the long-term impact of short-term financing decisions. The reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position and the reconciliation of the Statement of Revenues, Expenditures, and Changes in Governmental Funds balance to the Statement of Activities provide a reconciliation to assist in understanding the differences between these two perspectives.

The District has two governmental funds: the General Fund and the Debt Service Fund. The basic governmental fund financial statements are presented on pages 10 through 13 of this report.

GENERAL FUND BUDGETARY HIGHLIGHTS

For the fiscal year ended December 31, 2021, there were no significant unfavorable variances in the budget when compared to actual amounts, except for culture and recreation where actual revenues were less than anticipated.

ST. TAMMANY RECREATION DISTRICT #12
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2021

LONG-TERM DEBT

At the end of the current fiscal year, the District had total bonded debt outstanding of \$365,000. There was no new debt issued in the current year. Additional information on the District's long-term debt can be found in the notes of this report.

CAPITAL ASSETS

During the year, the District expended \$46,524 primarily for adding new cameras to the park, and construction of the pavilion.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The District considered many factors when setting the operating budget for its general fund for the year ending December 31, 2022. The District is expecting the amount of revenue and expenditures to increase by \$24,000 compared to the prior year. Therefore, for next year, anticipated revenues will be approximately \$497,000, while anticipated expenditures will be approximately \$497,000. Therefore, the total governmental fund balance is expected to increase by \$24,000 from prior year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview for the funds maintained by the St. Tammany Parish Recreation District #12 and to show the accountability for the money it receives. If you have any questions or need additional information, contact James Rogers, Jr., Chairman, at the District's office, P.O. Box 1211, Folsom, Louisiana 70437.

BASIC FINANCIAL STATEMENTS

ST. TAMMANY RECREATION DISTRICT #12
STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2021

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 53,157
Cash - LAMP investments	70,397
Due from other government agencies, net	290,060
Prepays	<u>18,739</u>

Total current assets 432,353

LAND

91,580

CAPITAL ASSETS, NET

1,350,384

Total assets 1,874,317

LIABILITIES AND NET POSITION

CURRENT LIABILITIES:

Accounts payable	969
Sheriff's pension payable	10,484
Long term debt due within one year	<u>48,000</u>

Total current liabilities 59,453

LONG TERM DEBT:

Due in more than one year 317,000

Total long term debt 317,000

Total liabilities 376,453

NET POSITION:

Net investment in capital assets	1,076,964
Unrestricted	<u>420,900</u>

Total net position \$ 1,497,864

ST. TAMMANY RECREATION DISTRICT #12
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Net Revenues (Expenses) and Changes in Net Position</u>
<u>GOVERNMENTAL ACTIVITIES:</u>			
Culture and recreation	<u>\$ 419,656</u>	<u>\$ 90,567</u>	<u>\$ (329,089)</u>
<u>GENERAL REVENUES:</u>			
Ad valorem taxes			354,131
State revenue sharing			14,594
Other			2,788
Interest			<u>103</u>
Total general revenues			<u>371,616</u>
Change in net position			42,527
Net position - beginning			<u>1,455,337</u>
Net position - ending			<u>\$ 1,497,864</u>

See accompanying NOTES TO THE FINANCIAL STATEMENTS

ST. TAMMANY RECREATION DISTRICT #12
BALANCE SHEET - GOVERNMENTAL FUNDS
AS OF DECEMBER 31, 2021

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>			
<u>CURRENT ASSETS:</u>			
Cash and cash equivalents	\$ 53,157	\$ -	\$ 53,157
Cash - LAMP investments	70,397	-	70,397
Ad valorem taxes receivable, net	290,060	-	290,060
Prepays	<u>18,739</u>	<u>-</u>	<u>18,739</u>
 Total current assets	 <u>432,353</u>	 <u>-</u>	 <u>432,353</u>
 Total assets	 <u>\$ 432,353</u>	 <u>\$ -</u>	 <u>\$ 432,353</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>LIABILITIES:</u>			
Accounts payable and accrued expenses	\$ 969	\$ -	\$ 969
Deferred revenue - ad valorem	2,966	-	2,966
Sheriff's pension payable	<u>10,484</u>	<u>-</u>	<u>10,484</u>
 Total liabilities	 <u>14,419</u>	 <u>-</u>	 <u>14,419</u>
<u>FUND BALANCES:</u>			
Nonspendable funds:			
Prepays	18,739	-	18,739
Unassigned	<u>399,195</u>	<u>-</u>	<u>399,195</u>
 Total fund balances	 <u>417,934</u>	 <u>-</u>	 <u>417,934</u>
 Total liabilities and fund balance	 <u>\$ 432,353</u>	 <u>\$ -</u>	 <u>\$ 432,353</u>

See accompanying NOTES TO THE FINANCIAL STATEMENTS.

ST. TAMMANY RECREATION DISTRICT #12
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2021

Fund balance - governmental fund	\$ 417,934
Cost of capital assets - Governmental Fund	2,601,412
Less accumulated depreciation	<u>(1,159,448)</u>
Total capital assets	1,441,964
Certain property tax collections are not available to pay for current-period expenditures and therefore are reported as deferred revenue in the governmental funds.	2,966
Debt related to capital assets	<u>(365,000)</u>
Net position of governmental activities	<u><u>\$ 1,497,864</u></u>

See accompanying NOTES TO THE FINANCIAL STATEMENTS

ST. TAMMANY RECREATION DISTRICT #12
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
<u>REVENUES:</u>			
Ad valorem taxes	\$ 358,227	\$ -	\$ 358,227
State revenue sharing	14,594	-	14,594
Interest income	103	-	103
Culture and recreation	90,567	-	90,567
Other income	<u>2,788</u>	<u>-</u>	<u>2,788</u>
Total Revenues	466,279	-	466,279
<u>EXPENDITURES:</u>			
Culture and recreation			
Salaries	101,673	-	101,673
Sports	43,449	-	43,449
Legal and professional	25,892	-	25,892
Repairs and maintenance	33,864	-	33,864
Concessions	9,904	-	9,904
Utilities	19,130	-	19,130
Insurance	27,153	-	27,153
Office expenditure	17,212	-	17,212
Other	3,041	-	3,041
Payroll taxes	7,681	-	7,681
Field maintenance	8,574	-	8,574
Retirement plan expenses	3,891	-	3,891
Debt service			
Principal	-	46,000	46,000
Interest and finance charges	-	11,693	11,693
Capital outlay	<u>46,524</u>	<u>-</u>	<u>46,524</u>
Total Expenditures	<u>347,988</u>	<u>57,693</u>	<u>405,681</u>
Excess (deficiency) of revenues over expenditure:	118,291	(57,693)	60,598
<u>OTHER FINANCING SOURCES (USES):</u>			
Intergovernmental transfers	(57,693)	57,693	-
Bond proceeds	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(57,693)</u>	<u>57,693</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources	60,598	-	60,598
Fund balance - beginning	<u>357,336</u>	<u>-</u>	<u>357,336</u>
Fund balance - ending	<u>\$ 417,934</u>	<u>\$ -</u>	<u>\$ 417,934</u>

See accompanying NOTES TO THE FINANCIAL STATEMENTS

ST. TAMMANY RECREATION DISTRICT #12
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

Net change in fund balance - governmental fund \$ 60,598

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

Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense. This is the amount of depreciation of capital expenditures:

Capital outlay	46,524	
Depreciation expense	<u>(106,499)</u>	(59,975)

Under the modified accrual basis of accounting used in the governmental funds, advances of derived tax revenues is not recognized until received, rather than as it is earned. This is the change in deferred revenue- ad valorem. (4,096)

Bond and capital lease agreements provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount of repayments. 46,000

Change in net position of governmental activities \$ 42,527

ST. TAMMANY PARISH RECREATION DISTRICT #12
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

St. Tammany Parish Recreation District #12 (the District) was established by Louisiana Revised Statute 33:4564 and Police Jury Ordinance PSS No. 92-1596 on May 11, 1992. The District's boundaries are within the Second Ward of the Parish of St. Tammany. The District is governed by a Board of Commissioners consisting of five resident property taxpayers, as provided by Louisiana Revised Statute 33:4564. The St. Tammany Parish Council appoints the five Commissioners. Each Commissioner serves a term of five years.

The District was created for the purpose of providing facilities for youth and adult sports programs to the residents of the area surrounding Folsom, Louisiana.

The financial statements of the District have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting principles are described below.

Financial Reporting Entity

As the governing authority of the parish for financial reporting purposes, the St. Tammany Parish Council is the financial reporting entity for St. Tammany Parish. The financial reporting entity consists of (a) the primary government (the 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.

The Governmental Accounting Standards Board Codification established criteria for determining which component units should be considered part of the St. Tammany Parish Council for financial reporting purposes. The basic criterion for including a potential component unit with the reporting entity is financial accountability.

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

Basis of Presentation

The accompanying general-purpose financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental and financial reporting principles. The more significant government accounting principles are described below.

ST. TAMMANY RECREATION DISTRICT #12
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements – Government-Wide Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. There were no activities of the District categorized as business type activities.

In the government-wide statement of net position, the governmental activity is reported on a full accrual, economic resource basis.

The government-wide statement of activities report both the gross and net cost of the District's functions. The statement of activities reduces gross expenses by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while capital grants reflects capital-specific grants.

The net costs, by function, are normally covered by general revenue, which includes ad valorem taxes, interest, investment earnings, and other income. The District does not allocate indirect costs.

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

Fund Financial Statements

The District uses fund accounting to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts.

Funds are ordered into two major categories: general and debt service. Funds within each major category are grouped by fund type in the financial statements. The funds used by the District are as follows:

Governmental Fund Types

Governmental fund types are those through which general governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities are accounted for through governmental funds. The following are the District's governmental fund types:

ST. TAMMANY RECREATION DISTRICT #12
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Fund Types (Continued)

- General Fund – The general fund is the main operating fund of the District. This fund is used to account for all financial resources not accounted for in other funds.
- Debt Service Fund – The debt service fund accounts for transactions relating to resources retained and used for the payment of principal and interest on long-term obligations.

Equity Classifications

In accordance with GASB Codification, net position is classified into three components - net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows.

- a. Net Investment in Capital Assets – This component of net position 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, plus deferred outflows of resources, less deferred inflows of resources, related to those assets.
- b. Restricted – This component of net position consists of assets that have constraints that are externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- c. Unrestricted – All other net position is reported in this category.

Fund Balance

The District adopted GASB Codification Statements on Fund Accounting, and Classification and Terminology, which changed the reporting of fund balance in the balance sheets of governmental type funds. In fund financials, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

ST. TAMMANY RECREATION DISTRICT #12
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance (Continued)

- Nonspendable – consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- Restricted – consists of amounts with constraints either by third-parties (bond creditors) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the District to assess or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used for the specific purposes stipulated in the legislation.
- Committed – consists of the amounts used for specific purposes pursuant to constraints imposed by formal action of the District’s Board. Those committed amounts cannot be used for any other purpose unless the District removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed previously to commit those amounts.
- Assigned – consists of amounts that are constrained by the District’s intent to be used for specific purposes, but are neither restricted nor committed.
- Unassigned – consists of amounts that have not been restricted, committed or assigned to specific purposes within the general fund. When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, and then unrestricted resources (committed, assigned and unassigned) are available for use.

As of December 31, 2021, the District had \$18,739 of nonspendable funds. The District has no committed or assigned funds.

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. The operating statements of the funds present increases (i.e., revenues and other sources) and decreases (i.e., expenditures and other uses) in net current assets. All governmental fund types and agency funds 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 be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due.

ST. TAMMANY RECREATION DISTRICT #12
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

Those revenues of the District susceptible to accrual are ad valorem taxes, state revenue sharing, grants and interest. Substantially all other revenues are recorded when received.

Revenues – Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within 60 days of fiscal year-end. Under the modified accrual basis, only interest is considered to be both measurable and available at fiscal year-end.

Non-exchange transactions, in which the District receives value without directly giving value in return, include grants and donations. On an accrual basis, revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized.

Expenditures

On an accrual basis of accounting, expenditures are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources/expenditures rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable.

Budget and Budgetary Accounting

Formal budgetary accounting is employed as a management control device during the year for the general fund. Formal budgetary accounting is not employed for the debt service fund because effective control is alternatively achieved through the indenture provisions of the debt certificates.

The budget is adopted for the general fund on a basis consistent with U.S. generally accepted accounting principles (GAAP). All appropriations, which are not expended, lapse at year-end.

ST. TAMMANY RECREATION DISTRICT #12
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest bearing demand deposits, and money market accounts, if any. The District considers all investments purchased with a maturity of three months or less to be cash equivalents.

Louisiana revised statutes authorize the District to invest in (1) United States bonds, treasury notes or certificates, or time certificates of deposit of state banks organized under the laws of Louisiana or national banks having their principal offices in the State of Louisiana, an investment as stipulated in Louisiana Revised Statute 39:1271, or any other federally insured investments or (2) in mutual or trust fund institutions, which are registered with the Securities and Exchange Commission under the Securities Act of 1933 and the Investment Act of 1940, and which have underlying investments consisting solely of and limited to securities of the U.S. Government or its agencies.

Ad Valorem Taxes

Ad valorem taxes are normally levied in November and billed in December. These taxes are due in January of the following year. Any unpaid taxes are collected in connection with an auction held in May. The Sheriff's department bills and collects the District's ad valorem taxes.

Ad valorem taxes are levied based on property values determined by the St. Tammany Parish Assessor (a separate entity). All land and residential improvements are assessed at 10 percent of its fair market value, and other property at 15 percent of its fair market value. The District was authorized to levy an ad valorem tax of 10 mils on May 2, 1999, commencing in 1999. The tax is to be used for the purpose of acquiring, constructing, improving, maintaining, or operating parks, playgrounds, recreation centers, and other recreational facilities within the boundaries of the Second Ward of the Parish of St. Tammany. The District was authorized to levy an additional ad valorem tax of 2.15 mils in 2017 for bond repayment.

The District's ad valorem tax revenues are recognized when levied to the extent that they are determined to be currently collectible.

ST. TAMMANY RECREATION DISTRICT #12
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for Uncollectible Receivables

The District's primary revenue source, ad valorem taxes, becomes delinquent if not paid by March 1 following the year of assessment. Unpaid taxes attach as an enforceable lien of property. The Board of Commissioners determined, based on research of historical information, that current collections are approximately 87% of the tax levy. At December 31, 2021, the amount of estimated uncollectible receivables was \$26,074.

Capital Assets

Capital assets are reported in the government-wide financial statements at historical cost, net of depreciation. Additions, improvements, or other capital outlays greater than \$500 that significantly extend the useful life of an asset are capitalized. Donated assets, if any, are valued at their estimated fair market value on the date received. Costs incurred for repairs and maintenance are expensed. Capital assets are depreciated on a straight-line basis over the following estimated useful lives:

Equipment	5 – 15 years
Building and improvements	3 – 40 years

Long-Term Obligations

Expenditures for principal and interest payments for long-term obligations are recognized in the governmental funds when due and paid.

Interfund Transactions

During the course of normal operations, the District has transactions between funds. Interfund transactions are generally classified as follows:

- Transfers are reported as other financing sources and uses in the governmental funds, as transfers in by the recipient funds and transfers out by the disbursing fund.
- On the governmental funds balance sheet, receivables and payables resulting from short-term interfund loans are classified as due to other funds.
- These amounts are eliminated on the statement of net position. There were no amounts due to/from other funds as of December 31, 2021.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, May 18, 2022, 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.

ST. TAMMANY RECREATION DISTRICT #12
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

(2) CASH AND CASH EQUIVALENTS

At December 31, 2021, the carrying value of the District's cash and cash equivalents consisted of:

Home Bank Operations and Maintenance	\$ 32,691
Home Bank General Fund	16
Home Bank Sports	16,859
Home Bank Concessions	3,591
Home Bank Construction	<u>-</u>
 Total cash and cash equivalents	 \$ <u>53,157</u>

The District does not have a policy for custodial credit risk; however, 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 bank. 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.

Custodial Credit Risk- Deposits

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 credit risk. At December 31, 2021, the District had \$60,541 in deposits (collected bank balances). These deposits are fully secured from risk by federal deposit insurance.

(3) CASH – LAMP INVESTMENTS

Cash – LAMP Investments of \$70,397, which are stated at market using published market quotes at December 31, 2021, consisted of investments in the Louisiana Asset Management Pool, Inc. (LAMP), a local government investment 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 LA-RS 33:2955. LAMP is rated AAA by Standard & Poor's.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. 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 value of the pool share.

ST. TAMMANY RECREATION DISTRICT #12
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

(3) CASH – LAMP INVESTMENTS (CONTINUED)

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) CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 91,580	\$ -	\$ -	\$ 91,580
Capital assets, being depreciated:				
Equipment	86,018	10,925	-	96,943
Building and improvements	<u>2,377,290</u>	<u>35,599</u>	<u>-</u>	<u>2,412,889</u>
Total capital assets, being depreciated	2,463,308	46,524	-	2,509,832
Less: accumulated depreciation/amortization	<u>(1,052,949)</u>	<u>(106,499)</u>	<u>-</u>	<u>(1,159,448)</u>
Net capital assets	<u>\$ 1,501,939</u>	<u>\$ (59,975)</u>	<u>\$ -</u>	<u>\$ 1,441,964</u>

Depreciation expense for the year ended December 31, 2021 was \$106,499.

(5) LONG-TERM DEBT

The Limited Tax Certificates were issued for the purpose of paying the costs of various capital improvements within the District and paying the cost of issuance. Most of the proceeds will be used to acquiring, constructing and/or improving parks, playgrounds, recreation centers and other recreational facilities in the District, together with the necessary furnishings and equipment therefor. Interest paid for the year ended December 31, 2021 was \$11,693.

Limited tax certificates secured by taxes:

\$500,000 Limited Tax Certificates, Series 2018, issued on September 17, 2018, secured by an irrevocable pledge and dedication of all the avails or proceeds of the special 10 mills tax now being levied and collected, bearing interest from 1.7% to 3.4%, R-1 and R-2 tax certificates mature in 2028, capital improvement projects. \$ 365,000

ST. TAMMANY RECREATION DISTRICT #12
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

(5) LONG-TERM DEBT (CONTINUED)

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

	<u>Balance</u> <u>12/31/2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/2021</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
<u>Governmental Activities:</u>					
Limited Tax Certificates, Series 2018					
R-1	\$ 309,000	\$ -	\$ 34,000	\$ 275,000	\$ 35,000
R-2	<u>102,000</u>	<u>-</u>	<u>12,000</u>	<u>90,000</u>	<u>13,000</u>
Total governmental activities	<u>\$ 411,000</u>	<u>\$ -</u>	<u>\$ 46,000</u>	<u>\$ 365,000</u>	<u>\$ 48,000</u>

The annual requirements to maturity for Limited Tax Certificates as of December 31, 2021 are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 48,000	\$ 10,175
2023	49,000	8,738
2024	50,000	7,259
2025	52,000	5,738
2026	54,000	4,157
2027-2028	<u>112,000</u>	<u>3,375</u>
Total	<u>\$ 365,000</u>	<u>\$ 39,442</u>

(6) RETIREMENT PLAN

The District has salary deferral plans qualified under Section 401(a) and Section 457 of the Internal Revenue Code (the Plans). The Plans cover employees who have attained age 21 and have completed continuous 1,000 hours of service in a 12-month eligibility computation period. The District matches up to 3% of the employee's contributions to the Plan. Employees may contribute to the Plan up to the maximum amount allowed by the Internal Revenue Code. Plan expenses (including the District's contributions) were \$3,891 for the year ended December 31, 2021.

(7) CONCENTRATIONS OF REVENUE

Of the District's revenues, \$354,131 (76%) are obtained through a single source, ad valorem taxes, for the year ended December 31, 2021.

ST. TAMMANY RECREATION DISTRICT #12
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

(8) ECONOMIC FACTORS

The District considered many factors when setting the operating budget for its general fund for the year ending December 31, 2022. The District is expecting the amount of revenue and expenditures to increase by \$24,000 compared to the prior year. Therefore, for next year, anticipated revenues will be approximately \$497,000, while anticipated expenditures will be approximately \$497,000. Therefore, the total governmental fund balance is expected to increase by \$24,000 from prior year.

(9) NEW ACCOUNTING PRONOUNCEMENTS

The GASB issued Statement No. 87, Leases. The objective of GASB 87 is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. In May 2020, the GASB issued Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance, postponing the effective date of GASB 87 to reporting periods beginning after June 2021.

**REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN
MANAGEMENT'S DISCUSSION AND ANALYSIS**

ST. TAMMANY RECREATION DISTRICT #12
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET TO ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>REVENUES:</u>				
Ad valorem taxes	\$ 343,000	\$ 343,000	\$ 358,227	\$ 15,227
State revenue sharing	10,000	10,000	14,594	4,594
Interest income	-	-	103	103
Culture and recreation	85,000	85,000	90,567	5,567
Other income	<u>35,000</u>	<u>35,000</u>	<u>2,788</u>	<u>(32,212)</u>
 Total revenues	 473,000	 473,000	 466,279	 (6,721)
<u>EXPENDITURES:</u>				
Salaries	100,860	100,860	101,673	(813)
Sports	35,000	35,000	43,449	(8,449)
Legal and professional	29,000	29,000	25,892	3,108
Repairs and maintenance	22,400	22,400	33,864	(11,464)
Concessions	12,000	12,000	9,904	2,096
Utilities	22,000	22,000	19,130	2,870
Insurance	27,000	27,000	27,153	(153)
Office expenditure	14,700	14,700	17,212	(2,512)
Other	4,500	4,500	3,041	1,459
Payroll taxes	7,800	7,800	7,681	119
Field maintenance	16,000	16,000	8,574	7,426
Retirement plan expenses	2,040	2,040	3,891	(1,851)
Capital outlay	<u>121,700</u>	<u>121,700</u>	<u>46,524</u>	<u>75,176</u>
 Total expenditures	 <u>415,000</u>	 <u>415,000</u>	 <u>347,988</u>	 <u>67,012</u>
 Excess (deficiency) of revenues over expenditures	 58,000	 58,000	 118,291	 60,291
 Intergovernmental Transfers	 <u>(58,000)</u>	 <u>(58,000)</u>	 <u>(57,693)</u>	 <u>307</u>
 Excess (deficiency) of revenues over expenditures and other sources	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 60,598</u>	 <u>\$ 60,598</u>

**Debt service payments are not budgeted as they follow a stated payment table.

See independent auditors' report

ST. TAMMANY RECREATION DISTRICT #12
SCHEDULE OF COMPENSATION PAID TO BOARD MEMBERS
FOR THE YEAR ENDED DECEMBER 31, 2021

<u>Board of Commissioners</u>	<u>Compensation</u>
James Rogers, Chairman P.O. Box 471, Folsom, LA 70437	\$ -
Brad Graham 79482 Albert Thompson Road, Folsom, LA 70437	\$ -
Andrew Mendheim 80410 Chenel Road, Folsom, LA 70437	\$ -
William R. Richardson 12191 Richardson Hill Road P.O. Box 825, Folsom, LA 70437	\$ -
Lacey Bertucci-Sharp 15062 Highway 40, Folsom, LA 70437	\$ -

See independent auditors' report

ST. TAMMANY RECREATION DISTRICT #12
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER
PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2021

Agency Head Name: James Rogers, Jr., Board Chairman

<u>PURPOSE</u>	<u>AMOUNT</u>
Salary	\$ -
Benefits-health insurance	-
Benefits-retirement	-
Deferred compensation	-
Workers comp	-
Benefits-life insurance	-
Benefits-long term disability	-
Benefits-Fica and Medicare	-
Car allowance	-
Vehicle provided by government	-
Cell phone	-
Dues	-
Vehicle rental	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Unvouchered expenses	-
Meetings and conventions	-
Other	-
	<hr/>
	\$ -
	<hr/> <hr/>

* Louisiana Revised Statute 24:513(A)(3) as amended by Act 706 of the 2014 Regular Legislative Session requires that the total compensation, reimbursements, and benefits of an agency head or political subdivision head or chief executive officer related to the position, including but not limited to travel, housing, unvouchered expenses, per diem, and registration fees be reported as a supplemental report within the financial statement of local governmental and quasi-public auditees. In 2015 Act 462 of the 2015 Regular Session of the Louisiana Legislature further amended R.S. 24:513(A)(3) to clarify that nongovernmental entities or not-for-profit entities that receive public funds shall report only the use of public funds for the expenditures itemized in the supplemental report. James Rogers, Jr. did not receive any public funds in the current fiscal year.

See independent auditors' report



**INDEPENDENT AUDITORS' 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***

To the Board of Commissioners of
St. Tammany Parish Recreation District #12

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of St. Tammany Parish Recreation District #12 (the "District") as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise St. Tammany Parish Recreation District #12's basic financial statements, and have issued our report thereon dated May 18, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District'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 St. Tammany Parish Recreation District #12's internal control. Accordingly, we do not express an opinion on the effectiveness of St. Tammany Parish Recreation District #12's internal control.

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

Our consideration of internal control over financial reporting 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.



To the Board of Commissioners of
St. Tammany Parish Recreation District #12
May 18, 2022

Compliance and Other Matters

As part of obtaining reasonable assurance about whether St. Tammany Parish Recreation District #12's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope 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. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

May 18, 2022
Mandeville, Louisiana

Erickson Krentel, LLP
Certified Public Accountants

ST. TAMMANY RECREATION DISTRICT #12
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2021

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unmodified opinion on the financial statements of St. Tammany Parish Recreation District #12.
2. No significant deficiencies disclosed during the audit are reported in the Independent Auditors' 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*.
3. No instances of noncompliance disclosed during the audit are reported in the Independent Auditors' 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*.
4. A management letter was not issued for the year ended December 31, 2021.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None

ST. TAMMANY RECREATION DISTRICT #12
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2021

INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FINANCIAL STATEMENTS

None

MANAGEMENT LETTER ITEMS

A management letter was not issued in the prior year.

ST. TAMMANY RECREATION DISTRICT #12

FOLSOM, LOUISIANA

AGREED-UPON PROCEDURES

FOR THE PERIOD

JANUARY 1, 2021 TO JULY 31, 2021



ERICKSEN KRENTEL^{LLP}
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS



INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of
St. Tammany Parish Recreation District No.12
Folsom, Louisiana

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified by the Louisiana Legislative Auditor (LLA) for the fiscal period January 1, 2021 through July 31, 2021, in accordance with Act 774 of 2014 Regular Legislative Session. St. Tammany Parish Recreation District No. 12's management is responsible for those C/C areas identified in the agreed-upon procedures.

St. Tammany Parish Recreation District No. 12 (the District) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in accordance with Act 774 of 2014 Regular Legislative Session for the fiscal period January 1, 2021 through July 31, 2021. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes

Our procedures and associated findings are detailed in Schedule "1".

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

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

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

June 22, 2022
Mandeville, Louisiana

Ericksen Krentel, LLP
Certified Public Accountants

ST. TAMMANY RECREATION DISTRICT #12
AGREED-UPON PROCEDURES
JANUARY 1, 2021 TO JULY 31, 2021

Board (or Finance Committee, if applicable) for Governmental Entity

1. **Procedures:** Obtain and inspect the board/finance committee minutes for the fiscal period,
 - a) Observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund.

Results: We obtained and inspected the board committee minutes for the fiscal period. We noted that monthly budget-to-actual comparisons were not discussed at the monthly meetings.

Bank Reconciliations

1. **Procedures:** Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 2 additional accounts (or all accounts if less than 2). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
 - a) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - b) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results: We obtained a listing of client bank accounts for the fiscal period from management and representation that the listing is complete. We selected the entity's main operating account and two additional accounts and randomly selected a month from the fiscal period. We obtained and inspected the reconciliations for each account and observed that they included evidence that a member of management has reviewed each bank reconciliation. Additionally, we noted many outstanding deposits and checks older than twelve months on all three accounts. There were 53 checks outstanding totaling \$13,950.53 and 37 deposits outstanding totaling \$4,888.53. No additional exceptions noted.

Collections (Excluding Gate Collections and Fees)

1. **Procedures:** Obtain a listing of deposit sites (i.e., a physical location where a deposit is prepared and reconciled) for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Results: Obtained a listing of deposit sites and management's representation that the listing was complete. We selected the only deposit site.

ST. TAMMANY RECREATION DISTRICT #12
AGREED-UPON PROCEDURES (CONTINUED)
JANUARY 1, 2021 TO JULY 31, 2021

Collections (Excluding Gate Collections and Fees) (continued)

2. **Procedures:** For each deposit site selected, obtain a listing of collection locations (i.e., a physical location where cash is collected) and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
- a) Employees who are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

Results: Obtained a listing of the collection locations for the deposit site and management's representation that the listing is complete. We selected one collection location and inspected the written policies and procedures relating to employee job duties. Job duties are properly segregated for (a) employees who are responsible for cash collections do not share cash drawers/registers. We noted that the job duties are properly segregated such (b) each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit (c) each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit. No exceptions noted.

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

Results: The District's employees are not bonded and the District does not currently have an insurance policy covering employee theft.

ST. TAMMANY RECREATION DISTRICT #12
AGREED-UPON PROCEDURES (CONTINUED)
JANUARY 1, 2021 TO JULY 31, 2021

Collections (Excluding Gate Collections and Fees) (continued)

4. **Procedures:** Randomly select two deposit dates for each of the 5 bank accounts selected under the "Bank Reconciliations" procedures (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
- a) Observe that receipts/tickets are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts/tickets, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

Results: For all bank accounts selected under "Bank Reconciliations" procedures we selected two deposit dates for each account and observed that (a) receipts/tickets are sequentially pre-numbered and (b) that we were able to trace tickets or system reports to the deposit slips. We traced the deposit slip total to the deposit per the bank statement. We observed that the deposit was made within one business day. It is also noted per policy, it is required to be made within five business days. No exceptions noted.

5. **Procedures:** Trace the actual deposit per the bank statement to the general ledger.

Results: All deposits per the bank statements selected for testing agreed to the general ledger.

Information Technology Disaster Recovery/Business Continuity

1. **Procedures:** Obtain and inspect the entity's written policies and procedures over information technology disaster recovery/business continuity (or the equivalent contractual terms if IT services are outsourced) and observe that they address (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Results: The District does not currently have written policies and procedures over information technology disaster recover/business continuity.

ST. TAMMANY RECREATION DISTRICT #12
AGREED-UPON PROCEDURES (CONTINUED)
JANUARY 1, 2021 TO JULY 31, 2021

Sexual Harassment

1. **Procedures:** Obtain and inspect the entity's written sexual harassment policies and procedures and observe that they address all requirements of Louisiana Revised Statutes (R.S.) 42:342-344, including agency responsibilities and prohibitions; annual employee training; and annual reporting requirements.

Results: Obtained and inspected the entity's written sexual harassment policies and procedures and observed that they address all requirements of Louisiana Revised Statutes (R.S.) 42:342-344.

2. **Procedures:** Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

Results: Observed that the entity did not have its sexual harassment policy and complaint procedure on its website or at a conspicuous location on the entity's premises.

Fraud

1. **Procedures:** Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriations to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Results: There were no misappropriations of public funds and assets during the fiscal period.

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

Results: The entity has posted the required notice on its premises and website.



Recreation District # 12

Magnolia Park * Fendlason Community Center

James Rogers, Chairman
Willie Richardson
Brad Graham

Jennifer Goings, Director
Andrew Mendheim
Lacey Sharp

ST. TAMMANY RECREATION DISTRICT #12
AGREED-UPON PROCEDURES
JANUARY 1, 2021 TO JULY 31, 2021

June 22, 2022

Louisiana Legislative Auditor

The St. Tammany Parish Recreation District No. 12 (the District) respectfully submits the following corrective action plan for items identified pursuant to the Agreed Upon Procedures Engagement required by Act 774 of the 2014 Regular Legislative Session.

Name and address of independent public accounting firm:

Ericksen Krentel L.L.P.
2895 Highway 190, Ste 213
Mandeville, LA 70471

Engagement Period: January 1, 2021 – July 31, 2021

The findings from the Agreed Upon Procedures Report is discussed below.

Board (of Finance Committee, if applicable) for Governmental Entity

Results of Procedure: Observed that none of the monthly minutes only referenced budget-to-actual comparisons on the general fund.

Response: The District will discuss budget-to-actual comparisons on the general fund at every meeting.

Bank Reconciliations

Result of the Procedure: Observed that management has no documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date.

Response: The District will research reconciling items that have been outstanding for more than 12 months from the statement closing date and document.

ST. TAMMANY RECREATION DISTRICT #12
AGREED-UPON PROCEDURES
JANUARY 1, 2021 TO JULY 31, 2021

Collections (Excluding Gate Collections and Fees)

Result of the Procedure: No bond or insurance policy for theft exists to cover all employees who have access to cash.

Response: The District will obtain such policy.

Information Technology Disaster Recovery/Business Continuity

Result of the Procedure: No policy exists over disaster recovery/business continuity.

Response: Management will create such policy.

Sexual Harassment

Result of the Procedure: Observed that the District does not have the sexual harassment policy and complaint procedure or its website (or in a conspicuous location on the District's premises).

Response: Management will post the policy.

If there are any questions regarding this plan, please contact Jennifer Goings, Director of St. Tammany Recreation District #12, at (985) 796-5045.

Sincerely,

Signature



Title


