

EAST OUACHITA RECREATION DISTRICT NUMBER ONE

OUACHITA PARISH

MONROE, LOUISIANA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

DECEMBER 31, 2020

EAST OUACHITA RECREATION DISTRICT NUMBER ONE
MONROE, LOUISIANA
DECEMBER 31, 2020

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JOHNSON, PERRY, ROUSSEL & CUTHBERT, L.L.P.

VIOLET M. ROUSSEL, CPA, APC
JAY CUTHBERT, CPA, APAC
DAWN WHITSTINE, CPA, APC

PAM BATTAGLIA, CPA
JOHN R. FORSELL, IV, CPA
NICK RICHARDSON, CPA

ROWLAND H. PERRY, CPA-Retired
CHARLES JOHNSON, JR., CPA-Retired



America Counts on CPAs®

Certified Public Accountants

3007 Armand Street
Monroe, Louisiana 71201
Telephone (318) 322-5156
Facsimile (318) 323-6331

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
East Ouachita Recreation District Number One
Monroe, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the East Ouachita Recreation District Number One, a component unit of the Ouachita Parish Police Jury (the District), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the District as of December 31, 2020, 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 management's discussion and analysis, and budgetary comparison information on pages 4 through 10 and 34 through 35 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the East Ouachita Recreation District Number One's basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer is presented for purposes of additional analysis and is not a required part of the basic financial statements.

This 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. 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 information is fairly stated, in all material respects, to the financial statements as a whole.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 6, 2021, 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 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 District's internal control over financial reporting and compliance.

Johnson Perry Roussel & Cuthbert, L.L.P.

JOHNSON, PERRY, ROUSSEL & CUTHBERT, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS
August 6, 2021

EAST OUACHITA RECREATION DISTRICT NUMBER ONE
FOR THE YEAR ENDED DECEMBER 31, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the East Ouachita Recreation District Number One (the District) provides an overview of the District's activities for the year ended December 31, 2020. Please read it in conjunction with the District's financial statements.

FINANCIAL HIGHLIGHTS

Our financial statements provide these insights into the results of this year's operations:

- The net position of our governmental activities increased by \$1,171,556 or 10.62%.
- The total net position is comprised of the following:
 - (1) Net investment in capital assets of \$11,246,119 that included property and equipment, net of accumulated depreciation \$4,612,014.
 - (2) Unrestricted net position of \$960,402 that represents the portion available to maintain continuing obligations to citizens and creditors.
- Revenues of our governmental activities totaled \$2,236,500, a decrease of 16.91% from the prior year total of \$2,691,810, while expenditures totaled approximately \$1,978,041, a decrease of 49.47% from the prior year total of \$3,914,750.
- Approximately \$598,560 was expended in the current year primarily for capital expenditures on construction in progress for ballfield improvements.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's financial statements. The District's basic financial statements consist of the following components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the financial statements
4. Required supplementary information, and
5. Other supplementary information, which is in addition to the basic financial statements themselves.

EAST OUACHITA RECREATION DISTRICT NUMBER ONE

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Government-wide financial statements are designed by GASB Statement 34 to change the way in which governmental financial statements are presented. It now provides readers a concise "entity-wide" Statement of Net Position and Statement of Activities. These statements include all assets and liabilities using the accrual basis of accounting in a manner similar to a private-sector business.

- A. The Statement of Net Position presents information on all of the District's assets and liabilities using the accrual basis of accounting. The difference between the assets and liabilities is reported as net position. The net position is segregated between net investment in capital assets, restricted net position, or unrestricted net position. These categories are determined by the nature or source of the net position. Amounts available in unrestricted net position may be utilized for continued operation and maintenance of recreation facilities or programs in the future. Over time, increase or decrease in net position may serve as a useful indicator of whether the financial position of the District is improving or weakening.

- B. The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. This statement shows the difference between expenditures and revenues for recreation activities and the general revenues of the District. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flow.

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Some funds are required to be established by State Law and by bond covenants. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District consist of one category: governmental funds.

EAST OUACHITA RECREATION DISTRICT NUMBER ONE

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

- A. Governmental funds are used to account for most of the District's basic services as reported as governmental activities in the government-wide financial statements. Governmental fund financial statements focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.
- B. The District maintains one individual governmental fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund.
- C. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the conversion from the governmental funds to governmental activities.

Our auditor has provided assurance in the Independent Auditors' Report that the Basic Financial Statements are fairly stated. The auditor regarding this Management's Discussion and Analysis and the Required Supplemental Information is providing varying degrees of assurance. A user of this report should read the Independent Auditors' Report carefully to ascertain the level of assurance being provided for each of the other parts in the Annual Financial Report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS AS A WHOLE

The District's net position increased by \$1,171,556 compared to a \$1,488,997 increase in the prior year.

NET ASSETS

A condensed comparative summary of the Statement of Net Position is presented in Table A.

EAST OUACHITA RECREATION DISTRICT NUMBER ONE

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

TABLE A
CONDENSED STATEMENT OF NET POSITION

	2020 <u>Amount</u>	2019 <u>Amount</u>	<u>Variance</u>	Total % <u>Change</u>
Current Assets	4,235,537	4,434,187	(198,650)	(4.48)
Capital Assets	<u>11,246,119</u>	<u>10,825,388</u>	<u>420,731</u>	<u>3.89</u>
<u>Total Assets</u>	<u>15,481,656</u>	<u>15,259,575</u>	<u>222,081</u>	<u>1.46</u>
Long-Term Debt	2,965,000	3,420,000	(455,000)	(13.30)
Other Liabilities	<u>310,135</u>	<u>804,610</u>	<u>(494,475)</u>	<u>(61.47)</u>
<u>Total Liabilities</u>	<u>3,275,135</u>	<u>4,224,610</u>	<u>(949,475)</u>	<u>(22.47)</u>
Net Investment in Capital Assets	11,246,119	10,825,388	420,731	3.89
Restricted	-	-	-	-
Unrestricted	<u>960,402</u>	<u>209,577</u>	<u>750,825</u>	<u>358.26</u>
<u>Total Net Position</u>	<u>12,206,521</u>	<u>11,034,965</u>	<u>1,171,556</u>	<u>10.62</u>

Net position may serve over time as a useful indicator of a government's financial position. The District's assets exceeded its liabilities at the close of the current year by \$12,206,521 (net position) compared to \$11,034,965 at the prior year-end. Of this amount, \$960,402 is unrestricted net position. This represents 7.87% of net position and its resources that are available to be used to meet the District's ongoing obligation to citizens and creditors. The District's unrestricted net position increased by \$750,824 during the year, largely from operations.

The District has total assets of \$15,481,656 compared to \$15,259,575 at the prior year-end. Of the total assets, \$11,246,119 are net investment in capital assets compared to \$10,825,388 at the end of 2019.

The District, in 2017, issued tax revenue bonds for \$4,300,000 to improve the facilities at Osterland Recreation Center. The project is scheduled for completion in 2021.

CHANGES IN NET POSITION

The governmental activities of the District include recreation, i.e. activities buildings, tennis, and baseball and softball fields. Property taxes fund most of these governmental activities.

EAST OUACHITA RECREATION DISTRICT NUMBER ONE

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

A condensed comparative summary of the Statement of Activities is presented in Table B. This table shows the District's expenditures related to the functions/programs associated with its governmental activities. The table gives an indication of how the District's resources are utilized and the source of the resources.

TABLE B
CONDENSED STATEMENT OF ACTIVITIES

	<u>2020</u> <u>Amount</u>	<u>2019</u> <u>Amount</u>	<u>Variance</u>
Governmental Activities Recreation			
Program Expense			
Operating Costs	859,051	930,953	(71,902)
Interest Expense	67,162	77,148	(9,986)
Depreciation	<u>177,829</u>	<u>168,144</u>	<u>9,685</u>
<u>Total Program Expenses</u>	<u>1,104,042</u>	<u>1,176,245</u>	<u>(72,203)</u>
Program Revenues			
Charges for Services and Grants	86,399	153,024	(66,625)
Grants and Contributions	<u>250,000</u>	<u>750,000</u>	<u>(500,000)</u>
<u>Total Program Revenues</u>	<u>336,399</u>	<u>903,024</u>	<u>(566,625)</u>
Net Program Expense Before Revenues	(<u>767,643</u>)	(<u>273,221</u>)	(<u>494,422</u>)
General Revenues			
Ad Valorem Taxes	1,893,802	1,722,145	171,657
Other Revenues	28,395	21,402	6,993
Interest Income Earned	<u>17,002</u>	<u>18,671</u>	<u>(1,669)</u>
<u>Total General Revenues</u>	<u>1,939,199</u>	<u>1,762,218</u>	<u>176,981</u>
Change in Net Position	1,171,556	1,488,997	(317,441)
Beginning Net Position	<u>11,034,965</u>	<u>9,545,968</u>	<u>1,488,997</u>
Ending Net Position	<u>12,206,521</u>	<u>11,034,965</u>	<u>1,171,556</u>

Operating costs for the recreation activities of the District decreased to \$859,051 compared to \$930,953 in 2019. Depreciation expense for 2020 was \$177,829, an increase of \$9,685 from 2019 depreciation expense. This was the result of a change in capital expenditures.

As indicated above, ad valorem tax revenue is the largest revenue source for the District comprising 97.6% and 97.7% of general revenues for 2020 and 2019. During the years ended December 31, 2020 and 2019, property taxes of 7.43 and 7.48 mills were levied on property inside of the District boundaries, respectively. The District's gross tax assessed for 2020 increased by \$171,657 to \$1,893,802 compared to \$1,722,145 for 2019.

EAST OUACHITA RECREATION DISTRICT NUMBER ONE

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

As previously stated, the District maintains one governmental fund, the General Fund. The District's governmental fund reported ending balances of \$3,875,965 and \$3,617,506 for the fiscal years ended 2020 and 2019. This is an increase of \$258,459 from the prior year-end. The increase was due to a decline in capital expenditures as the major capital renovations moved toward the completion phase.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District adopts an annual budget for its General Fund. A budget comparison schedule has been included for the General Fund to demonstrate compliance with the legally adopted budget. An analysis of significant budget variances in the General Fund is as follows:

Revenues - There were some variations between the final budgeted revenues and the actual amounts realized for 2020 for revenues due to the receipt of a local grant. Revenues were less than budget for operations due to the shut-down related to the Covid-19 pandemic.

Expenditures - Actual expenditures were less than budget, primarily in operations and activities. These expenditures were down due to the Covid-19 pandemic shut-down in 2020.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of December 31, 2020 and 2019, the District had \$15,080,730 and \$14,482,170 invested in capital assets including buildings and improvements, furniture and fixtures, equipment, and vehicles (See table below).

	<u>2020</u>	<u>2019</u>
Buildings	3,997,505	3,997,505
Office Equipment	14,758	14,758
Janitorial	3,284	3,284
Recreational Equipment	517,824	477,455
Concessions	77,526	77,526
Auto	85,108	85,108
Baseball Field Equipment	469,033	469,033
Baseball Field Lights	109,895	109,895
Fence	61,918	61,918
Construction in Progress	<u>9,743,879</u>	<u>9,185,688</u>
<u>Totals</u>	<u>15,080,730</u>	<u>14,482,170</u>

EAST OUACHITA RECREATION DISTRICT NUMBER ONE

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

This year's major additions included construction in progress for major ballfield renovations.

Debt

At year end, the District had a \$2,965,000 balance in limited tax bonds. Bonds are secured by the 7.43 ad valorem tax millage and are due in annual payments from 2021 to 2026.

ECONOMIC FACTORS

The District's revenues consist of ad valorem taxes, state revenue sharing, and recreation program fees. The Board of Commissioners actively monitors revenues and expenses and evaluates the costs of proposed expansion projects. Currently, the Board is preparing land for baseball and softball fields. They actively solicit parish government and state government aid whenever possible to help with the cost of these projects.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Delia Sivils, Secretary-Treasurer of the East Ouachita Recreation District #1, 710 Holland Drive, Monroe, Louisiana.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

EAST OUACHITA RECREATION DISTRICT NUMBER ONE
 MONROE, LOUISIANA
 STATEMENT OF NET POSITION
 DECEMBER 31, 2020

	<u>Governmental Activities</u>
<u>ASSETS</u>	
<u>CURRENT ASSETS</u>	
Cash and Investments	2,400,035
Ad Valorem Tax Receivable, Net of Allowance for Doubtful Accounts of \$6,984	1,825,514
State Revenue Sharing Receivable	7,738
Prepaid Expenses	<u>2,250</u>
<u>TOTAL CURRENT ASSETS</u>	<u>4,235,537</u>
<u>CAPITAL ASSETS</u>	
Capital Assets, Net of Accumulated Depreciation	10,468,716
Land	<u>777,403</u>
<u>TOTAL CAPITAL ASSETS</u>	<u>11,246,119</u>
<u>TOTAL ASSETS</u>	<u>15,481,656</u>

See Independent Auditors' Report and accompanying notes.

EAST OUACHITA RECREATION DISTRICT NUMBER ONE
MONROE, LOUISIANA
STATEMENT OF NET POSITION (CONTINUED)
DECEMBER 31, 2020

	<u>Governmental Activities</u>
<u>LIABILITIES AND NET POSITION</u>	
<u>CURRENT LIABILITIES</u>	
Accounts Payable	83,425
Accrued Expenses	35,079
Retainage Payable	191,605
Current Maturities of Bonds Payable	<u>465,000</u>
<u>TOTAL CURRENT LIABILITIES</u>	<u>775,109</u>
<u>NON-CURRENT LIABILITIES</u>	
Compensated Absences	26
Bonds Payable	<u>2,500,000</u>
<u>TOTAL NON-CURRENT LIABILITIES</u>	<u>2,500,026</u>
<u>TOTAL LIABILITIES</u>	<u>3,275,135</u>
<u>NET POSITION</u>	
Net Investment in Capital Assets Unrestricted	11,246,119
	<u>960,402</u>
<u>TOTAL NET POSITION</u>	<u>12,206,521</u>
<u>TOTAL LIABILITIES AND NET POSITION</u>	<u>15,481,656</u>

See Independent Auditors' Report and accompanying notes.

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EAST OUACHITA RECREATION DISTRICT NUMBER ONE
 MONROE, LOUISIANA
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED DECEMBER 31, 2020

FUNCTIONS/PROGRAMS

Governmental Activities	
General Government-Recreation	1,104,042
<u>Total Governmental Activities</u>	<u>1,104,042</u>
Program Revenues	
Charge for Services	86,399
Grants and Contributions	250,000
<u>Total Program Revenues</u>	<u>336,399</u>
<u>NET GOVERNMENTAL ACTIVITIES</u>	<u>767,643</u>
General Revenues	
Ad Valorem Taxes	1,893,802
Revenue Sharing	23,170
Investment Earnings	17,002
Other	5,225
<u>Total General Revenues</u>	<u>1,939,199</u>
Change in Net Position	1,171,556
Net Position, Beginning of Year	11,034,965
<u>NET POSITION, END OF YEAR</u>	<u>12,206,521</u>

See Independent Auditors' Report and accompanying notes.

FUND FINANCIAL STATEMENTS

EAST OUACHITA RECREATION DISTRICT NUMBER ONE
MONROE, LOUISIANA
BALANCE SHEET-GOVERNMENTAL FUNDS
DECEMBER 31, 2020

	<u>Governmental Funds</u>
<u>ASSETS</u>	
Cash	2,400,035
Receivables	1,783,789
Prepaid Expenses	<u>2,250</u>
<u>TOTAL ASSETS</u>	<u>4,186,074</u>
<u>LIABILITIES AND FUND BALANCE</u>	
Accounts Payable	83,425
Accrued Expenses	35,079
Retainage Payable	<u>191,605</u>
<u>TOTAL LIABILITIES</u>	<u>310,109</u>
<u>FUND BALANCE</u>	
Committed Funds	12,158
Unassigned Funds	<u>3,863,807</u>
<u>TOTAL FUND BALANCE</u>	<u>3,875,965</u>
<u>TOTAL LIABILITIES AND FUND BALANCE</u>	<u>4,186,074</u>
<u>RECONCILIATION TO STATEMENT OF NET POSITION</u>	
Total Fund Equity, Governmental Funds	3,875,965
Differences in Reporting for the Statement of Net Position	
Net Investment in Capital Assets	11,246,119
Property Tax Accrual	49,463
Liability for Compensated Absences	(26)
Long-Term Debt	(2,965,000)
<u>Net Adjustment</u>	<u>8,330,556</u>
<u>TOTAL NET POSITION, GOVERNMENT -WIDE</u>	<u>12,206,521</u>

See Independent Auditors' Report and accompanying notes.

EAST OUACHITA RECREATION DISTRICT NUMBER ONE
MONROE, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>General Fund</u>
<u>REVENUES</u>	
Ad Valorem Taxes	1,854,704
Intergovernmental Revenues	
State of Louisiana Revenue Sharing	23,170
Local Grant	250,000
Miscellaneous	
Concessions	12,161
Membership Dues	4,967
Registration Fees	69,271
Interest	17,002
Other	<u>5,225</u>
<u>TOTAL REVENUES</u>	<u>2,236,500</u>
<u>EXPENDITURES</u>	
Current	
Administration	146,929
Athletics	86,936
Operations and Maintenance	171,513
Salaries and Benefits	444,615
Concessions	7,326
Capital Outlay	598,560
Debt Service	
Principal Retirement	455,000
Interest and Fiscal	<u>67,162</u>
<u>TOTAL EXPENDITURES</u>	<u>1,978,041</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>258,459</u>
<u>OTHER FINANCING SOURCES (USES)</u>	
Bond Proceeds	-
Bond Issuance Costs	<u>-</u>
<u>TOTAL FINANCING SOURCES (USES)</u>	<u>-0-</u>
<u>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</u>	<u>258,459</u>
<u>FUND BALANCE, DECEMBER 31, 2019</u>	<u>3,617,506</u>
<u>FUND BALANCE, DECEMBER 31, 2020</u>	<u>3,875,965</u>

See Independent Auditors' Report and accompanying notes.

EAST OUACHITA RECREATION DISTRICT NUMBER ONE
MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

INTRODUCTION

The East Ouachita Recreation District Number One, Monroe, Louisiana, (the "District") was established by the Ouachita Parish Police Jury in 1978, under Louisiana Revised Statute (LSA-RS), for provision of a public recreation center. The District is operated by a board of commissioners which is appointed by the Ouachita Parish Police Jury. The District operates three recreation facilities; Swartz-Lakeshore, Osterland and Sterlington.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the East Ouachita Recreation District Number One is considered a component unit of Ouachita Parish Police Jury. As a component unit, the accompanying financial statements are included within the reporting of the primary government, either blended into those financial statements or separately reported as discrete component units.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the East Ouachita Recreation District Number One. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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 or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods,

EAST OUACHITA RECREATION DISTRICT NUMBER ONE
MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Government-Wide and Fund Financial Statements (Continued)

services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. All individual governmental funds and individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual

EAST OUACHITA RECREATION DISTRICT NUMBER ONE
MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Measurement Focus, Basis of Accounting and Financial
Statement Presentation (Continued)

accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The East Ouachita Recreation District Number One reports the following governmental fund:

The General Fund is the entity's primary operating fund. It accounts for all financial resources of the entity, except those required to be accounted for in another fund.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

EAST OUACHITA RECREATION DISTRICT NUMBER ONE
MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Measurement Focus, Basis of Accounting and Financial
Statement Presentation (Continued)

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

Cash Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the East Ouachita Recreation District Number One's investment policy allow the entity to invest in collateralized certificates of deposits, government-backed securities, commercial paper, the state-sponsored investment pool, and mutual funds consisting solely of government-backed securities.

Accounts Receivable

Uncollectible amounts due for ad valorem taxes are recognized as uncollectible using the allowance method. The allowance for doubtful accounts at December 31, 2020, for receivables recorded in the government wide financial statements is \$6,984.

EAST OUACHITA RECREATION DISTRICT NUMBER ONE
MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., curbs, sidewalks, drainage, lighting, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The East Ouachita Recreation District Number One maintains a threshold level of \$1,000 or more for capitalizing capital assets.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

	<u>Life for Depreciation</u>
Land Improvements and Infrastructure Assets	15 to 25 Years
Buildings and Building Improvements	30 to 40 Years
Furniture, Fixtures and Equipment	5 to 10 Years
Vehicles	3 to 5 Years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Budget Practices

The Board of Commissioners adopts an annual budget for the General Fund. The annual budget is prepared in accordance with the cash basis of accounting. A public hearing was held on November 19, 2019, to discuss the budget. The budget was

EAST OUACHITA RECREATION DISTRICT NUMBER ONE
MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Budget Practices (Continued)

approved by the Board on that day. Upon approval of the Board of Commissioners, budgeted amounts can be transferred within expense categories.

Compensated Absences

The District has the following policy relating to vacation and sick leave:

All full-time employees earn fifteen days of vacation leave each year, plus one day per year added after the 11th year of employment. Vacation time can be accumulated up to twenty days. Employees earn five to ten days of sick leave each year. Unused sick leave can be sold back at a rate of 2 days for 1 day of pay at the end of the calendar year.

The District's recognition and measurement criteria for compensated absences follows:

Governmental accounting standards provide that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both of the following conditions are met:

1. The employees' rights to receive compensation are attributable to services already rendered.
2. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

An accrual for earned sick leave is made only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies. Unused sick leave is calculated at the rate it is purchased at the end of the year.

EAST OUACHITA RECREATION DISTRICT NUMBER ONE
MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Compensated Absences (Continued)

The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported.

Long-Term Obligations

In the government-wide financial statements, and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. With the implementation of GASB 65, items previously reported as assets and liabilities, bond issuance costs are now expensed in the period incurred.

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 the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are expensed in the governmental funds.

EAST OUACHITA RECREATION DISTRICT NUMBER ONE
MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Fund Balance

GASB has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below.

1. Nonspendable fund balances are associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned).
2. Restricted fund balances include amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
3. Committed fund balances include 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 balances are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed.
5. Unassigned fund balances are the residual classification for the District's general fund and include all spendable amounts not contained in the other classifications.

The District's practice is to apply expenditures against nonspendable, restricted, committed, assigned, and unassigned fund balances, in that order.

The calculation of fund balance amounts begins with the determination of nonspendable fund balances. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then any remaining fund

EAST OUACHITA RECREATION DISTRICT NUMBER ONE
MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Fund Balance (Continued)

balance amounts for the non-general funds are classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purposes amounts exceed the positive fund balance for the non-general fund.

As of December 31, 2020, the District did not have any nonspendable, restricted, or assigned fund balances. Committed funds include amount for capital projects in the amount of \$12,158.

Net Position

GASB Statement No. 34, *Basic Financial Statements, Management's Discussion and Analysis, for State and Local Governments*, required reclassification of net assets into three separate components. GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, revised the terminology by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. GASB Statement No. 63 requires the following components of net position:

1. Net investment in capital assets - Consists of capital assets including 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, if any. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position. If there are significant unspent related debt

EAST OUACHITA RECREATION DISTRICT NUMBER ONE
MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Net Position(Continued)

proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount should not be included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflows of resources should be included in the same net position component (restricted or unrestricted) as the unspent amount. At December 31, 2020, the District had no outstanding debt, deferred outflows of resources, or deferred inflows of resources.

2. Restricted net position - Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.
3. Unrestricted net position - The net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Deferred Outflows of Resources and Deferred Inflows of Resources

In some instances, GASB requires a government to delay the recognition of decreases in net position as expenditures or increases in net position as revenues until a future period.

EAST OUACHITA RECREATION DISTRICT NUMBER ONE
MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

In these circumstances, deferred outflows of resources or deferred inflows of resources result from the delayed recognition of expenditures or revenues, respectively. There are no deferred inflows or deferred outflows as of December 31, 2020.

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, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

Reconciliations of Government-Wide and Fund Financial Statements

The following reconciles the fund balances of governmental funds to the government-wide statement of net position:

Capital Assets and Depreciation	11,246,119
Property Tax Accrual	49,463
Liability for Compensated Absences	(26)
Long-Term Debt	(2,965,000)
<u>Net Adjustment</u>	<u>8,330,556</u>

The following reconciles the net changes in fund balance-total governmental funds to the changes in net position of governmental activities:

EAST OUACHITA RECREATION DISTRICT NUMBER ONE
 MONROE, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Reconciliations of Government-Wide and Fund Financial Statements (Continued)

Property Taxes Receivable	36,442
Depreciation	(177,829)
Capital Outlay	598,560
Compensated Absence Accrual	924
Debt Service	522,162
Interest	(67,162)
<u>Net Adjustment</u>	<u>913,097</u>

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS:

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States or any other federally insured investment, certificates of deposit or any bank domiciled or having a branch office in the State of Louisiana, guaranteed investment contracts and investment grade commercial paper of domestic corporations.

State law requires deposits (cash and certificates of deposit) of all political subdivisions to be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the accounts of the political subdivision.

At December 31, 2020, the District had cash and cash equivalents (book balances) totaling \$2,400,035 as follows:

Demand Deposits	2,400,035
Savings Accounts	_____
<u>TOTAL</u>	<u>2,400,035</u>

EAST OUACHITA RECREATION DISTRICT NUMBER ONE
MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS: (Continued)

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 written policy for custodial credit risk; however, their practice is to require banks to pledge securities equal to the amount on deposit with the bank less the applicable federal deposit insurance.

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. At December 31, 2020, the District had \$2,507,342 in deposits (collected bank balances). These deposits are secured from risk by \$304,922 of federal deposit insurance and \$3,500,000 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 3 - RECEIVABLES:

The following is a summary of receivables at December 31, 2020:

Taxes:

Ad Valorem Taxes (Net of Allowance for Bad Debts of \$6,984)	1,825,514
State of Louisiana - Revenue Sharing	<u>7,738</u>
<u>TOTAL</u>	<u>1,833,252</u>

EAST OUACHITA RECREATION DISTRICT NUMBER ONE
MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 3 - RECEIVABLES: (Continued)

Property taxes which are delinquent over one year are written off.

NOTE 4 - CAPITAL ASSETS:

The following is a summary of changes in the general fixed assets account group for the fiscal year:

	December 31, 2019 <u>Balance</u>	<u>Additions</u>	<u>Disposals</u>	December 31, 2020 <u>Balance</u>
Buildings	3,997,505	-	-	3,997,505
Office Equipment	14,758	-	-	14,758
Janitorial	3,284	-	-	3,284
Recreation Equipment	477,455	40,369	-	517,824
Concessions	77,526	-	-	77,526
Auto	85,108	-	-	85,108
Baseball Field Equipment	469,033	-	-	469,033
Baseball Field Lights	109,895	-	-	109,895
Fence	61,918	-	-	61,918
Construction in Progress - Recreation Improvement	<u>9,185,688</u>	<u>558,191</u>	<u>-</u>	<u>9,743,879</u>
<u>Total</u>	14,482,170	598,560	-0-	15,080,730
Accumulated Depreciation	<u>4,434,185</u>	<u>177,829</u>	<u>-</u>	<u>4,612,014</u>
<u>NET CAPITAL ASSETS</u>	<u>10,047,985</u>	<u>420,731</u>	<u>-0-</u>	<u>10,468,716</u>
Land	<u>777,403</u>	<u>-0-</u>	<u>-0-</u>	<u>777,403</u>

Depreciation expense of \$177,829 was charged to the general government, recreation function in the statement of activities.

NOTE 5 - CONSTRUCTION COMMITMENTS:

The District had total commitments of \$12,158 with contractors for unfinished construction projects as of December 31, 2020, categorized as follows:

EAST OUACHITA RECREATION DISTRICT NUMBER ONE
 MONROE, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 5 - CONSTRUCTION COMMITMENTS: (Continued)

<u>Project Type</u>	<u>Expended To Date</u>	<u>Remaining Commitment</u>
Athletic Field Complex - Osterland Center	9,743,879	12,158
<u>Total</u>	<u>9,743,879</u>	<u>12,158</u>

These construction contracts are projected to be complete within the next year.

NOTE 6 - LONG-TERM OBLIGATIONS:

At December 31, 2020, bonds payable consisted of the following individual issues:

<u>Direct Placement</u>	<u>Interest Rate %</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Outstanding</u>
Limited Tax Bond Series 2017	2.23	4/12/2017	3/01/2026	<u>2,965,000</u>

Transactions for the year ended December 31, 2020, are summarized as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Limited Tax Bond Series 2017	3,420,000	-0-	455,000	2,965,000	<u>465,000</u>

The annual aggregate maturities for the years subsequent to December 31, 2020, are as follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	465,000	60,934	525,934
2022	480,000	50,398	530,398
2023	490,000	39,583	529,583
2024	500,000	28,544	528,544
2025	510,000	17,283	527,283
2026	520,000	5,798	525,798
<u>Total</u>	<u>2,965,000</u>	<u>202,540</u>	<u>3,167,540</u>

Ad valorem taxes are pledged to the Limited Tax Bond-2017 Series. Interest expense amounted to \$67,162 for the year ended December 31, 2020.

EAST OUACHITA RECREATION DISTRICT NUMBER ONE
 MONROE, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 6 - LONG-TERM OBLIGATIONS: (Continued)

At December 31, 2020, employees of the District have accumulated and vested \$26 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. A summary of changes in long-term obligations is as follows:

	<u>Compensated Absences</u>
Balance, December 31, 2019	950
Additions	-
Deletions	(924)
Balance, December 31, 2020	<u>26</u>

NOTE 7 - LEVIED TAXES:

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

The Parish of Ouachita bills and collects property taxes for the District using the assessed values determined by the tax assessor of the State of Louisiana.

For the year ended December 31, 2020, taxes of 7.43 mills were levied on property with assessed valuations totaling \$309,520,926 and were dedicated as follows:

	<u>Authorized Millages</u>	<u>Levied Millages</u>
General Fund, Operation and Maintenance	7.43 Mills	7.43 Mills

Total taxes levied were \$1,905,640 for 2020 and \$1,722,229 for 2019.

EAST OUACHITA RECREATION DISTRICT NUMBER ONE
MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 8 - RISK MANAGEMENT:

In the ordinary course of business, the District is at risk for property damage, liability, theft and worker's compensation. The District provides insurance coverage through the oversight entity, the Ouachita Parish Police Jury and commercial insurance companies. As a participant in the Police Jury's commercial insurance program the District also participates in the self-insurance fund maintained by the Police Jury. The District's annual contribution to the self-insurance fund is determined by the insurance company and their exposure for loss is limited to that amount.

NOTE 9 - SUBSEQUENT EVENTS:

The District has begun construction on a new athletic field complex at the Osterland Center. Construction cost incurred to date amounts to \$9,743,879. The total estimated cost of the project is \$9.8 million and is estimated to be completed in early 2021.

Management evaluates events occurring subsequent to the date of financial statements in determining the accounting for and disclosure of transactions and events that effect the financial statements. Subsequent events have been evaluated through August 6, 2021, which is the date the financial statements were available to be issued.

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) pandemic. The COVID-19 outbreak in the United States resulted in recreation center closures due to government mandate. The 2020 baseball season was canceled, and future plans are uncertain. The District does have plans to play the Fall flag football season starting at a later date. At the current time, we are unable to quantify the potential effects of this pandemic on our future financial statements.

EAST OUACHITA RECREATION DISTRICT NUMBER ONE
MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 10 - ON-BEHALF PAYMENTS FOR FRINGE BENEFITS:

Property tax revenues include amounts withheld by the Sheriff to make "on-behalf payments for fringe benefits" which represent the District's pro-rata share of retirement plan contributions for other governmental units. Because the District is one of several governmental agencies receiving proceeds from a property tax assessment, it has to bear a pro-rata share of the pension expense relating to the public employees who participate in the Parochial Employees Retirement System. The District's pro-rata share of the required contribution was \$57,020. The total withheld by the Sheriff from property tax collections satisfies the District's obligation and has been included as "Administration" in the expenditures of the General fund in these financial statements.

NOTE 11 - ECONOMIC DEPENDENCE:

The District's main source of revenue is ad valorem taxes assessed on the taxpayers of East Ouachita Parish. There is one major taxpayer that exceeds 10% of the total assessment. This taxpayer is in the utility industry and represents 21% of the total assessment for the district.

REQUIRED SUPPLEMENTAL INFORMATION

EAST OUACHITA RECREATION DISTRICT NUMBER ONE
MONROE, LOUISIANA
BUDGETARY COMPARISON SCHEDULE - BUDGET (NON-GAAP BASIS) AND
ACUTAL (BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Actual</u>	<u>Original Budget</u>	<u>Final Budget</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>				
Ad Valorem Taxes	1,600,891	1,575,000	1,575,000	25,891
State of LA Revenue Sharing	23,033	-	-	23,033
Local Grant	250,000	-	-	250,000
Concessions	12,161	55,000	55,000	(42,839)
Membership Dues	4,967	13,500	13,500	(8,533)
Registration Fees	69,271	145,000	145,000	(75,729)
Interest	17,002	8,000	8,000	9,002
Other	5,225	77,500	77,500	(72,275)
<u>Total Revenues</u>	<u>1,982,550</u>	<u>1,874,000</u>	<u>1,874,000</u>	<u>108,550</u>
<u>Expenditures</u>				
Current:				
Administration	92,663	118,000	115,000	22,337
Athletics	88,436	193,000	196,000	107,564
Operations and Maintenance	184,064	358,000	358,000	173,936
Salaries and Benefits	451,945	585,000	585,000	133,055
Concessions	7,431	25,000	25,000	17,569
Capital Outlay	1,066,091	595,000	595,000	(471,091)
Debt Service	526,192	-	-	(526,192)
<u>Total Charges</u>	<u>2,416,822</u>	<u>1,874,000</u>	<u>1,874,000</u>	<u>(542,822)</u>
<u>Excess of Revenues</u>				
<u>Over (Under) Expenditures</u>	(434,272)	-	-	(434,272)
<u>Other Financing Sources (Uses)</u>				
<u>Total Other Financing Sources (Uses)</u>	-0-	-0-	-0-	-0-
<u>Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses</u>				
	(434,272)	-	-	(434,272)
<u>Fund Balance, December 31, 2019</u>	<u>2,834,307</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,334,307</u>
<u>FUND BALANCE, DECEMBER 31, 2020</u>	<u>2,400,035</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>900,035</u>

See Independent Auditors' Report and accompanying notes.

EAST OUACHITA RECREATION DISTRICT NUMBER ONE
 MONROE, LOUISIANA
 NOTES TO BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 1 RECONCILIATION OF ACTUAL RESULTS TO BUDGETARY BASIS

The budget for the year ended December 31, 2020, was prepared on a cash basis. The following schedule reflects the adjustments necessary to convert actual results from a GAAP basis to the cash basis for purposes of budget comparison in the financial statements.

General Fund:

	<u>GAAP Basis</u>	<u>Receivables</u>	<u>Payables</u>	<u>Cash Basis</u>
<u>Revenues</u>				
Ad Valorem Taxes	1,854,704	(1,833,070)	1,579,257	1,600,891
State of LA - Revenue				
Sharing	23,170	(7,738)	7,601	23,033
Local Grant	250,000	-	-	250,000
Concessions	12,161	-	-	12,161
Membership Dues	4,967	-	-	4,967
Registration Fees	69,271	-	-	69,271
Interest	17,002	-	-	17,002
Other	5,225	-	-	5,225
<u>Total Revenues</u>	<u>2,236,500</u>	<u>(1,840,808)</u>	<u>1,586,858</u>	<u>1,982,550</u>
<u>Expenditures</u>				
Current:				
Administration	146,929	3,377	(57,643)	92,663
Athletics	86,936	1,500	-	88,436
Operations	171,513	13,103	(552)	184,064
Salaries	444,615	16,141	(8,811)	451,945
Concessions	7,326	105	-	7,431
Capital Outlay	598,560	739,136	(271,605)	1,066,091
Debt Service	522,162	30,297	(26,267)	526,192
<u>Total Expenditures</u>	<u>1,978,041</u>	<u>803,659</u>	<u>(364,878)</u>	<u>2,416,822</u>
<u>Fund Balance, Beginning</u>				
<u>Of Year</u>	<u>3,617,506</u>	<u>803,659</u>	<u>(1,586,858)</u>	<u>2,834,307</u>

See Independent Auditors' Report and accompanying notes.

OTHER SUPPLEMENTAL INFORMATION

EAST OUACHITA RECREATION DISTRICT NUMBER ONE
MONROE, LOUISIANA
SCHEDULE OF COMPENSATION PAID BOARD MEMBERS
FOR THE YEAR ENDED DECEMBER 31, 2020

The schedule of compensation paid board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature.

Board members received no compensation for the year ended December 31, 2020.

EAST OUACHITA RECREATION DISTRICT NUMBER ONE
 MONROE, LOUISIANA
 SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO
 AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
 FOR THE YEAR ENDED DECEMBER 31, 2020

AGENCY HEAD NAME: WILLIE E. CRAIN, JR.

<u>Purpose</u>	<u>Amount</u>
Salary	72,692
Benefits-Insurance	4,875
Benefits-retirement	-0-
Benefits-other (describe)	-0-
Benefits-other (describe)	-0-
Benefits-other (describe)	-0-
Phone allowance	675
Car allowance	-0-
Vehicle provided by government (enter amount reported on W-2)	-0-
Per diem	-0-
Reimbursements	-0-
Travel	-0-
Registration fees	-0-
Conference travel	-0-
Housing	-0-
Unvouchered expenses (example: travel advances, etc.)	-0-
Special meals	-0-
Other	-0-

See Independent Auditors' Report and accompanying notes.

JOHNSON, PERRY, ROUSSEL & CUTHBERT, L.L.P.

VIOLET M. ROUSSEL, CPA, APC
JAY CUTHBERT, CPA, APAC
DAWN WHITSTINE, CPA, APC

PAM BATTAGLIA, CPA
JOHN R. FORSELL, IV, CPA
NICK RICHARDSON, CPA

ROWLAND H. PERRY, CPA-Retired
CHARLES JOHNSON, JR., CPA-Retired



America Counts on CPAs®

Certified Public Accountants

3007 Armand Street
Monroe, Louisiana 71201
Telephone (318) 322-5156
Facsimile (318) 323-6331

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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
East Ouachita Recreation District Number One
Monroe, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the government activities of the East Ouachita Recreation District Number One (the District) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated August 6, 2021.

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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District'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*.

East Ouachita Recreation District Number One's Response to Findings

The East Ouachita Recreation District Number One's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Responses. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 result 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 for the information use of management, the Board members, and the Louisiana Legislative Auditor for the State of Louisiana, and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Johnson Perry Roussel & Cuthbert, LLP

JOHNSON, PERRY, ROUSSEL & CUTHBERT, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

August 6, 2021

EAST OUACHITA RECREATION DISTRICT NUMBER ONE
MONROE, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2020

SECTION I - SUMMARY OF AUDITORS' RESULTS

A. Report on Internal Control and Compliance Material to Financial Statements

Internal Control

Material Weakness ___ Yes X No

Significant Deficiency X Yes ___ No

Compliance

Compliance Material to Financial Statements ___ Yes X No

B. Not Applicable

C. Not Applicable

EAST OUACHITA RECREATION DISTRICT NUMBER ONE
MONROE, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2020

SECTION II - FINANCIAL STATEMENT FINDINGS

Internal Control

2020-001

Finding: One of twenty-five expenditures did not have proper approval.

Criteria: All expenditures are required to be approved prior to payment.

Cause: Oversight by management.

Effect: The District could inadvertently pay for unnecessary expenses.

Recommendation: We recommend that the District reviews its policies to ensure all disbursements are approved prior to payment.

Reply: Management agrees with the finding and will ensure all disbursements are approved prior to payment.

Compliance

There were no findings or questioned costs for the year ended December 31, 2020

EAST OUACHITA RECREATION DISTRICT NUMBER ONE
MONROE, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2020

SECTION III - FEDERAL AWARD FINDINGS

Not Applicable

EAST OUACHITA RECREATION DISTRICT NUMBER ONE
MONROE, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
DECEMBER 31, 2020

FINANCIAL STATEMENT FINDINGS - PRIOR YEAR ENDED DECEMBER 31, 2019

Internal Control

There were no findings for internal control for the year ended December 31, 2019.

Compliance

There were no findings for compliance for the year ended December 31, 2019.