

ST. TAMMANY RECREATION DISTRICT #12
FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2019



TABLE OF CONTENTS

	<u>EXHIBIT</u>	<u>PAGE</u>
<u>FINANCIAL SECTION</u>		
<u>INDEPENDENT AUDITORS' REPORT</u>		1 3
<u>REQUIRED SUPPLEMENTARY INFORMATION:</u>		
Management's Discussion and Analysis (Unaudited).....		4 – 6
<u>BASIC FINANCIAL STATEMENTS:</u>		
GOVERNMENTAL-WIDE FINANCIAL STATEMENTS (GWFS)		
Statement of Net Position.....	A	7
Statement of Activities	B	8
FUND FINANCIAL STATEMENTS (FFS)		
Governmental Funds:		
Balance Sheet	C	9
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	D	10
Statement of Revenues, Expenditures, and Changes in Fund Balance.....	E	11
Reconciliation of the Statement of Revenues, Expenditures, and Change in Fund Balances of the Governmental Fund to the Statement of Activities	F	12
NOTES TO FINANCIAL STATEMENTS		13-23
<u>REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS:</u>		
	<u>SCHEDULE</u>	
Schedule of Revenues, Expenditures, and Change in Fund Balance Budget to Actual – General Fund.....	1	24
Schedule of Compensation Paid to Board Members	2	25
Schedule of Compensation, Benefits, and Other Payments to Agency Head	3	26

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 <i>Government Auditing Standards</i>	27	28
Schedule of Findings and Responses		29
Schedule of Prior Year Findings		30

INDEPENDENT AUDITORS' REPORT

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

Report on Financial Statements

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, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

To the Board of Commissioners
St. Tammany Parish Recreation District #12
April 30, 2020

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of St. Tammany Parish Recreation District #12, as of December 31, 2019, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of revenues, expenditures, and change in fund balance – budget to actual on pages 4 through 6 and page 24 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 opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of compensation paid to board members and schedule of compensation, benefits, and other payments to agency head are presented to comply with the requirements issued by the State of Louisiana, and are not a required part of the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 in relation to the financial statements as a whole.

To the Board of Commissioners
St. Tammany Parish Recreation District #12
April 30, 2020

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2020, 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.

April 30, 2020
Mandeville, Louisiana

Erickson Krentel, LLP

Certified Public Accountants

REQUIRED SUPPLEMENTARY INFORMATION

ST. TAMMANY RECREATION DISTRICT #12
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2019

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, 2019

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 \$1,369,795 to \$1,411,853 due primarily to the District's increase in property tax revenue during the year ended December 31, 2019.

As of December 31, 2019 and 2018, the District had \$37,270 and \$56,130 in cash and cash equivalents, respectively, and the balance of cash – LAMP investments was \$189,694 and \$539,435, respectively. The District had \$273,042 and \$237,223 in funds receivable from property taxes and net capital assets of \$1,377,564 and \$1,032,326, respectively, as of December 31, 2019 and 2018. Total assets for the period decreased from \$1,878,566 as of December 31, 2018 to \$1,877,570 as of December 31, 2019. The District had \$456,000 and \$500,000 in bonds payable outstanding as of December 31, 2019 and 2018, respectively.

Total revenue for the District for 2019 and 2018 was \$440,536 and \$424,296, respectively. The slight increase is due to an increase in revenue from ad valorem taxes.

The District's expenses, excluding depreciation expense, were \$787,716 and \$345,825 for the years ended December 31, 2019 and 2018, 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 9 through 12 of this report.

GENERAL FUND BUDGETARY HIGHLIGHTS

For the fiscal year ended December 31, 2019, 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, 2019

LONG-TERM DEBT

At the end of the current fiscal year, the District had total bonded debt outstanding of \$456,000. 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 \$417,184 primarily for constructing a parking lot and building a maintenance shed.

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, 2019. The District is expecting the amount of revenue and expenditures to remain similar to the prior year. Therefore, for next year, anticipated revenues will be approximately \$431,000, while anticipated expenditures will be approximately \$431,000. Therefore, the total governmental fund balance is expected to remain constant from prior year.

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency including the state of Louisiana. It is anticipated that these impacts will continue for some time. The District's community center is closed to the public and all activities are cancelled until state restrictions have been lifted. The future effects of these issues are unknown.

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.

ST. TAMMANY PARISH RECREATION DISTRICT #12
STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2019

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 37,270
Cash - LAMP investments	189,694
Due from other government agencies, net	<u>273,042</u>

Total current assets	<u>500,006</u>
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<u>LAND</u>	91,580
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<u>CAPITAL ASSETS, NET</u>	<u>1,285,984</u>
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Total assets	<u>1,877,570</u>
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LIABILITIES AND NET POSITION

CURRENT LIABILITIES:

Sheriff's pension payable	9,717
Long term debt due within one year	<u>45,000</u>

Total current liabilities	<u>54,717</u>
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LONG TERM DEBT:

Due in more than one year	<u>411,000</u>
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Total long term debt	<u>411,000</u>
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Total liabilities	<u>465,717</u>
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NET POSITION:

Net investment in capital assets	921,564
Unrestricted	<u>490,289</u>

Total net position	<u>\$ 1,411,853</u>
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Total liabilities and net position	<u>\$ 1,877,570</u>
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ST. TAMMANY PARISH RECREATION DISTRICT #12
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

<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>\$ 398,478</u>	<u>\$ 95,555</u>	<u>\$ (302,923)</u>
<u>GENERAL REVENUES:</u>			
Ad valorem taxes			316,603
State revenue sharing			10,417
Other			6,637
Interest			<u>11,324</u>
Total general revenues			<u>344,981</u>
Change in net position			42,058
Net position - beginning			<u>1,369,795</u>
Net position - ending			<u>\$ 1,411,853</u>

See accompanying NOTES TO THE FINANCIAL STATEMENTS

ST. TAMMANY PARISH RECREATION DISTRICT #12
BALANCE SHEET - GOVERNMENTAL FUNDS
AS OF DECEMBER 31, 2019

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>			
<u>CURRENT ASSETS:</u>			
Cash and cash equivalents	\$ 37,270	\$ -	\$ 37,270
Cash - LAMP investments	189,694	-	189,694
Ad valorem taxes receivable, net	<u>273,042</u>	<u>-</u>	<u>273,042</u>
 Total current assets	 <u>500,006</u>	 <u>-</u>	 <u>500,006</u>
 Total assets	 <u>\$ 500,006</u>	 <u>\$ -</u>	 <u>\$ 500,006</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>LIABILITIES:</u>			
Deferred revenue - ad valorem	9,444	\$ -	\$ 9,444
Sheriff's pension payable	<u>9,717</u>	<u>-</u>	<u>9,717</u>
 Total liabilities	 <u>19,161</u>	 <u>-</u>	 <u>19,161</u>
<u>FUND BALANCES:</u>			
Unassigned	<u>480,845</u>	<u>-</u>	<u>480,845</u>
Total fund balances	<u>480,845</u>	<u>-</u>	<u>480,845</u>
Total liabilities and fund balance	<u>\$ 500,006</u>	<u>\$ -</u>	<u>\$ 500,006</u>

See accompanying NOTES TO THE FINANCIAL STATEMENTS.

ST. TAMMANY PARISH RECREATION DISTRICT #12
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2019

Fund balance - governmental fund	\$ 480,845
Cost of capital assets - Governmental Fund	2,335,491
Less accumulated depreciation	<u>(957,927)</u>
Total capital assets	1,377,564
Certain property tax collections are not available to pay for current-period expenditures and therefore are reported as deferred revenue in the governmental funds.	9,444
Debt related to capital assets	<u>(456,000)</u>
Net position of governmental activities	<u>\$ 1,411,853</u>

See accompanying NOTES TO THE FINANCIAL STATEMENTS

ST. TAMMANY PARISH RECREATION DISTRICT #12
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
<u>REVENUES:</u>			
Ad valorem taxes	\$ 312,878	\$ -	\$ 312,878
State revenue sharing	10,417	-	10,417
Interest income	11,324	-	11,324
Culture and recreation	95,555	-	95,555
Other income	6,637	-	6,637
	<u>436,811</u>	<u>-</u>	<u>436,811</u>
<u>EXPENDITURES:</u>			
Culture and recreation			
Salaries	110,291	-	110,291
Sports	42,570	-	42,570
Legal and professional	30,400	-	30,400
Repairs and maintenance	33,046	-	33,046
Concessions	11,740	-	11,740
Utilities	22,044	-	22,044
Insurance	21,986	-	21,986
Office expenditure	18,039	-	18,039
Other	4,244	-	4,244
Payroll taxes	8,278	-	8,278
Field maintenance	7,821	-	7,821
Retirement plan expenses	3,960	-	3,960
Debt service			
Principal	-	44,000	44,000
Interest and finance charges	-	12,113	12,113
Capital outlay	417,184	-	417,184
	<u>731,603</u>	<u>56,113</u>	<u>787,716</u>
Excess (deficiency) of revenues over expenditures	(294,792)	(56,113)	(350,905)
<u>OTHER FINANCING SOURCES (USES):</u>			
Intergovernmental transfers	(49,354)	49,354	-
Bond proceeds	-	-	-
Total other financing sources (uses)	<u>(49,354)</u>	<u>49,354</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources	(344,146)	(6,759)	(350,905)
Fund balance - beginning	824,991	6,759	831,750
Fund balance - ending	<u>\$ 480,845</u>	<u>\$ -</u>	<u>\$ 480,845</u>

See accompanying NOTES TO THE FINANCIAL STATEMENTS

ST. TAMMANY PARISH 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, 2019

Net change in fund balance - governmental fund \$ (350,905)

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	417,184	
Depreciation expense	<u>(71,946)</u>	345,238

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. 3,725

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. 44,000

Change in net position of governmental activities \$ 42,058

ST. TAMMANY PARISH RECREATION DISTRICT #12
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

(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.

ST. TAMMANY RECREATION DISTRICT #12
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

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.

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.

ST. TAMMANY RECREATION DISTRICT #12
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

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

Fund Financial Statements (Continued)

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:

- 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.

ST. TAMMANY RECREATION DISTRICT #12
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

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

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.

- 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, 2019, the District had no nonspendable, committed, or assigned funds.

ST. TAMMANY RECREATION DISTRICT #12
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

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

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.

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.

ST. TAMMANY RECREATION DISTRICT #12
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

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

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.

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.

ST. TAMMANY RECREATION DISTRICT #12
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

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

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.

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, 2019, the amount of estimated uncollectible receivables was \$13,165.

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.

ST. TAMMANY RECREATION DISTRICT #12
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

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

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, 2019.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, April 30, 2020, and determined that the event below occurred that require disclosure.

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency including the state of Louisiana. It is anticipated that these impacts will continue for some time. The District's community center is closed to the public and all activities are cancelled until state restrictions have been lifted. The future effects of these issues are unknown.

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

(2) CASH AND CASH EQUIVALENTS

At December 31, 2019, the carrying value of the District's cash and cash equivalents consisted of:

Home Bank Operations and Maintenance	\$ 29,175
Home Bank General Fund	16
Home Bank Sports	6,737
Home Bank Concessions	751
Home Bank Construction	<u>591</u>
 Total cash and cash equivalents	 <u><u>\$ 37,270</u></u>

ST. TAMMANY RECREATION DISTRICT #12
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

(2) CASH AND CASH EQUIVALENTS (CONTINUED)

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, 2019, the District had \$40,271 in deposits (collected bank balances). These deposits are fully secured from risk by federal deposit insurance.

(3) CASH – LAMP INVESTMENTS

Cash – LAMP Investments of \$189,694, which are stated at market using published market quotes at December 31, 2019, 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.

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.

ST. TAMMANY RECREATION DISTRICT #12
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

(4) CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2019 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	79,369	8,149	(1,500)	86,018
Building and improvements	<u>1,748,858</u>	<u>409,035</u>	<u>-</u>	<u>2,157,893</u>
Total capital assets, being depreciated	1,828,227	417,184	(1,500)	2,243,911
Less: accumulated depreciation	<u>(887,481)</u>	<u>(71,946)</u>	<u>1,500</u>	<u>(957,927)</u>
Net capital assets	<u>\$ 1,032,326</u>	<u>\$ 345,238</u>	<u>\$ -</u>	<u>\$ 1,377,564</u>

Depreciation expense for the year ended December 31, 2019 was \$71,946.

(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, 2019 was \$12,113.

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.

\$ 456,000

ST. TAMMANY RECREATION DISTRICT #12
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

(5) LONG-TERM DEBT (CONTINUED)

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

	Balance 12/31/2018	Additions	Reductions	Balance 12/31/2019	Due Within One Year
<u>Governmental Activities:</u>					
Limited Tax Certificates, Series 2018					
R-1	\$ 375,000	\$ -	\$ 33,000	\$ 342,000	\$ 33,000
R-2	<u>125,000</u>	<u>-</u>	<u>11,000</u>	<u>114,000</u>	<u>12,000</u>
Total governmental activities	<u>\$ 500,000</u>	<u>\$ -</u>	<u>\$ 44,000</u>	<u>\$ 456,000</u>	<u>\$ 45,000</u>

The annual requirements to maturity for Limited Tax Certificates as of December 31, 2019 are as follows:

Year Ending <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 45,000	\$ 12,903
2021	46,000	11,560
2022	48,000	10,175
2023	49,000	8,738
2024	50,000	7,259
2025-2028	<u>218,000</u>	<u>13,269</u>
Total	<u>\$ 456,000</u>	<u>\$ 63,904</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 \$3,960 for the year ended December 31, 2019.

(7) CONCENTRATIONS OF REVENUE

Of the District's revenues, \$316,603 (72%) are obtained through a single source, ad valorem taxes, for the year ended December 31, 2019.

**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, 2019

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<u>REVENUES:</u>				
Ad valorem taxes	\$ 293,000	\$ 293,000	\$ 312,878	\$ 19,878
State revenue sharing	10,000	10,000	10,417	417
Interest income	-	-	11,324	11,324
Culture and recreation	166,000	152,332	95,555	(56,777)
Other income	-	-	6,637	6,637
 Total revenues	 469,000	 455,332	 436,811	 (18,521)
<u>EXPENDITURES:</u>				
Salaries	122,500	122,500	110,291	12,209
Sports	50,000	42,227	42,570	(343)
Legal and professional	28,500	30,400	30,400	-
Repairs and maintenance	38,000	48,262	33,046	15,216
Concessions	15,000	11,650	11,740	(90)
Utilities	19,000	19,000	22,044	(3,044)
Insurance	25,000	21,985	21,986	(1)
Office expenditure	15,000	17,200	18,039	(839)
Other	6,000	2,917	4,244	(1,327)
Payroll taxes	9,500	9,500	8,278	1,222
Field maintenance	15,000	7,820	7,821	(1)
Retirement plan expenses	2,500	2,500	3,960	(1,460)
Capital outlay	67,000	416,990	417,184	(194)
 Total expenditures	 413,000	 752,951	 731,603	 21,348
 Excess (deficiency) of revenues over expenditures:	 56,000	 (297,619)	 (294,792)	 2,827
 Intergovernmental Transfers	 (56,000)	 (56,000)	 (49,354)	 6,646
 Excess (deficiency) of revenues over expenditures and other sources	 \$ -	 \$ (353,619)	 \$ (344,146)	 \$ 9,473

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

ST. TAMMANY RECREATION DISTRICT #12
SCHEDULE OF COMPENSATION PAID TO BOARD MEMBERS
FOR THE YEAR ENDED DECEMBER 31, 2019

<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. Richardsor 12191 Richardson Hill Road P.O. Box 825, Folsom, LA 70437	\$ -
Lacey Bertucci-Sharp 15062 Highway 40, Folsom, LA 70437	\$ -

ST. TAMMANY RECREATION DISTRICT #12
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER
PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2019

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/>
	\$ -

* 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 Recreation District #12 (the "District") as of and for the year ended December 31, 2019, 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 April 30, 2020.

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 Recreation District #12's internal control. Accordingly, we do not express an opinion on the effectiveness of St. Tammany 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
April 30, 2020

Compliance and Other Matters

As part of obtaining reasonable assurance about whether St. Tammany 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.

April 30, 2020
Mandeville, Louisiana

Erickson Krentel, LLP
Certified Public Accountants

ST. TAMMANY RECREATION DISTRICT #12
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2019

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, 2019.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None

ST. TAMMANY RECREATION DISTRICT #12
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2019

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 YEAR ENDED

DECEMBER 31, 2019



ERICKSEN KRENTEL LLP

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of St. Tammany Recreation District #12
Folsom, Louisiana

We have performed the procedures enumerated below, which were agreed to by the St. Tammany Recreation District #12 and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the agreed upon procedures for the year ended December 31, 2019 in accordance with Act 774 of 2014 Regular Legislative Session. The St. Tammany Recreation District #12's management is responsible for those C/C areas identified in the agreed upon procedures. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

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

This agreed-upon procedures engagement was performed 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 perform and did not perform an audit, the objective of which would be the expression of an opinion or conclusion, respectively, on 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.

This report is intended solely for the use of the specified parties and is not intended to be and should not be used by anyone other than those specified parties. The purpose of this report is 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.

May 11, 2020
Mandeville, Louisiana


Certified Public Accountants

ST. TAMMANY RECREATION DISTRICT #12
AGREED-UPON PROCEDURES
JANUARY 1, 2019 TO DECEMBER 31, 2019

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

1. **Procedures:** Obtain and inspect the board/finance committee minutes for the fiscal period, and:

- a) Observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund.

Results: We obtained and inspected the board/finance committee minutes for the fiscal period. We noted that monthly budget-to-actual comparisons were discussed at none of 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 management's representation that the listing is complete. We selected the entity's main operating account and two additional accounts and randomly selected one month from the fiscal period. We obtained and inspected the bank statements and reconciliations for each account and observed that they did not include evidence that a member of management has reviewed each bank reconciliation. Additionally, we noted twenty-six reconciling items in the operations/maintenance account and six reconciling items in the concessions account that were all older than twelve months and lacked documentation of research. No additional exceptions noted.

ST. TAMMANY RECREATION DISTRICT #12
AGREED-UPON PROCEDURES (CONTINUED)
JANUARY 1, 2019 TO DECEMBER 31, 2019

Collections (Excluding Gate Collections and Fees)

1. **Procedures: Obtain** and inspect the entity's written policies and procedures over collections (including gate collections) and observe that they address each of the following:
 - a. Receiving, recording, and preparing deposits; and
 - b. Management's actions to determine the completeness of all collections for each type of revenue. For example, gate collections should include two persons collecting and initialing collection log and reconciling tickets to cash collections. Concession sales should including reconciling the difference between beginning and ending inventories to collections, as well as prohibitions against employees sharing a cash drawer.

Results: The written policies and procedures adequately address the procedures over collections.

2. **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.

3. **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.

ST. TAMMANY RECREATION DISTRICT #12
AGREED-UPON PROCEDURES (CONTINUED)
JANUARY 1, 2019 TO DECEMBER 31, 2019

- e) **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 not properly segregated for (a) employees who are responsible for cash collections do not share cash drawers/registers. Concession stand employees at times share the cash drawer. 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 additional exceptions noted.
4. **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.
5. **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 not sequentially pre-numbered and (b) that we were unable to trace tickets or system reports to the deposit slips because they do not exist. We traced the deposit slip total to the deposit per the bank statement. We unable to observe that the deposit was made within one business day because receipt date is not recorded. It is also noted per policy, it is required to be made within five business days. No additional exceptions were noted.

ST. TAMMANY RECREATION DISTRICT #12
AGREED-UPON PROCEDURES (CONTINUED)
JANUARY 1, 2019 TO DECEMBER 31, 2019

6. **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.

Public Bid Law

1. **Procedures:** Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- Results:** Obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. We selected the only location for testing.
2. **Procedures:** For each location selected under #1 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete.
- Results:** We obtained the entity's non-payroll disbursement transaction population and obtained management's representation that the population is complete.
3. **Procedures:** Aggregate the disbursements by vendor and select the five vendors that were paid the most money during the fiscal period (exclude vendor payments for professional service contracts and purchases on state contract).
- Results:** Aggregated the disbursements by vendor and selected the five vendors that were paid the most money during the fiscal period. We excluded vendor payments for professional service contracts.
4. **Procedures:** Compare total payments for each vendor to the thresholds set in the Louisiana Public Bid Law (R.S. 38:2211-2296) or Procurement Code (R.S. 39:1551-39:1755), if adopted.
- Results:** Compared total payments for each selected vendor to the thresholds set in Louisiana Public Bid Law or Procurement Code.
5. **Procedures:** For each vendor that met the legal thresholds in #4 above, obtain supporting vendor and entity documentation, and observe that purchases were bid in accordance with the Louisiana Public Bid Law or Procurement Code, if adopted.
- Results:** For the vendor that met the legal thresholds in #4 above, we obtained supporting vendor and entity documentation. We observed that purchases were bid in accordance with the Louisiana Public Bid Law or Procurement Code.

ST. TAMMANY RECREATION DISTRICT #12
AGREED-UPON PROCEDURES (CONTINUED)
JANUARY 1, 2019 TO DECEMBER 31, 2019

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.

2. **Procedures:** Perform the following sub-procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."
 - a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.
 - b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
 - c) Obtain a listing of the entity's computers currently in use, and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have active antivirus software and that the antivirus, operating system, and accounting system software are the most recent versions available (i.e. up-to-date).

Results: We performed the procedure and discussed the results with management.

ST. TAMMANY RECREATION DISTRICT #12
AGREED-UPON PROCEDURES (CONTINUED)
JANUARY 1, 2019 TO DECEMBER 31, 2019

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:** Obtain a listing of employees/elected officials/board members employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/elected officials/board members, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/elected official/board member completed at least one hour of sexual harassment training during the calendar year.

Results: Obtained a listing of employees/elected officials/board members employed during the fiscal period and management's representation that the listing is complete. Selected 5 employees/elected officials/board members and obtained their sexual harassment training documentation and observed that the documentation demonstrated that 4 of the 5 employee/elected official/board member completed at least one hour of sexual harassment training during the calendar year. The only employee that did not complete training was only employed for less than one week. No additional exceptions noted.

3. **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.

4. **Procedures:** Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that it includes the applicable requirements of R.S. 42:344.

Results: Obtained the entity's annual sexual harassment report for the current fiscal period, observed that the report was dated on or before February 1, and observed that it includes the applicable requirements of R. S. 42:344.

ST. TAMMANY RECREATION DISTRICT #12
AGREED-UPON PROCEDURES
JANUARY 1, 2019 TO DECEMBER 31, 2019

May 11, 2020
Louisiana Legislative Auditor

The St. Tammany Recreation District #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, 2019 – December 31, 2019

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 bank reconciliations did not include evidence that a member of management/board member who does not handle cash, posts ledgers, or issues checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged).

Response: The District will have a board member who does not handle cash, posts ledgers, or issues checks review each bank reconciliation and document (e.g., initialed and dated, electronically logged).

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, 2019 TO DECEMBER 31, 2019

Collections (Excluding Gate Collections and Fees)

Result of the Procedure: Job duties are not properly segregated for employees who are responsible for cash collections do not share cash drawers/registers.

Response: The District will look into either getting another cash drawer for the concession stand or having only one employee collect cash.

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.

Result of the Procedure: Observed two deposits dates for each account selected under "Bank Reconciliations" and noted that (a) receipts/tickets are not sequentially pre-numbered and (b) that we were unable to trace tickets or system reports to the deposit slips because they do not exist. We unable to observe that the deposit was made within one business day because receipt date is not recorded.

Response: The District will start keeping a pre-numbered deposit log with dates of the cash receipt.

Information Technology Disaster Recovery/Business Continuity

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

Response: Management will create such policy.

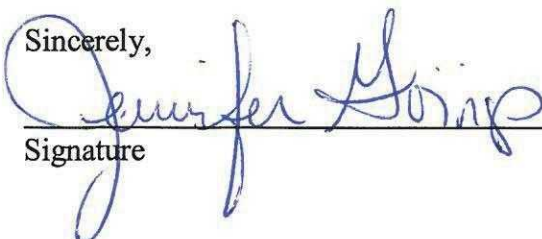
Sexual Harassment

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).

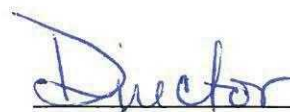
Response: Management will post the policy.

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