

**RECREATION DISTRICT NO. 4
OF ST. TAMMANY PARISH**

Annual Financial Statements

December 31, 2019



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Independent Auditor's Report

To the Board of Commissioners
Recreation District No. 4 of St. Tammany Parish
Lacombe, Louisiana

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Recreation District No. 4 of St. Tammany Parish (the District), a component unit of St. Tammany Parish, Louisiana, 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.

Auditor's Responsibility

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

An audit 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.

LOUISIANA • TEXAS

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the District as of December 31, 2019, and the respective changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 20 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Supplementary 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 schedule of compensation, benefits, and other payments to agency head, as required by Louisiana Revised Statute (LRS) 24:513 A and the schedule of governing board are presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 25, 2020, on our consideration of Recreation District No. 4 of St. Tammany Parish's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Covington, LA
August 25, 2020

**BASIC FINANCIAL STATEMENTS
GOVERNMENT-WIDE FINANCIAL STATEMENTS**

RECREATION DISTRICT NO. 4 OF ST. TAMMANY PARISH
Statement of Net Position
December 31, 2019

	Governmental Activities
Assets	
Cash and Cash Equivalents	\$ 220,681
Ad Valorem Taxes Receivable, Net	370,680
State Revenue Sharing Receivable	7,840
Capital Assets, Net of Accumulated Depreciation	<u>888,791</u>
Total Assets	<u>1,487,992</u>
Liabilities	
Accounts Payable	<u>9,512</u>
Total Liabilities	<u>9,512</u>
Net Position	
Net Investment in Capital Assets	888,791
Unrestricted	<u>589,689</u>
Total Net Position	<u>\$ 1,478,480</u>

The accompanying notes are an integral part of these financial statements

RECREATION DISTRICT NO. 4 OF ST. TAMMANY PARISH
Statement of Activities
For the Year Ended December 31, 2019

Functional Programs	Expenses	Program Revenue		Net (Expenses, Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental Activities				
Recreation	\$ 509,973	\$ 45,740	\$ 38,070	\$ (426,163)
Total	\$ 509,973	\$ 45,740	\$ 38,070	(426,163)
General Revenues				
Ad Valorem Taxes				399,552
State Revenue Sharing				11,791
Interest Income				2,356
Other Income				7,817
Total General Revenues				421,516
Change in Net Position				(4,647)
Net Position, Beginning of Year				1,467,462
Prior Period Adjustment				15,665
Net Position, Beginning of Year, as Restated				1,483,127
Net Position, End of Year				\$ 1,478,480

The accompanying notes are an integral part of these financial statements

**BASIC FINANCIAL STATEMENTS
FUND FINANCIAL STATEMENTS
GOVERNMENTAL FUNDS**

RECREATION DISTRICT NO. 4 OF ST. TAMMANY PARISH
 Balance Sheet
 Governmental Funds
 December 31, 2019

	General Fund
<hr/>	
Assets	
Cash	\$ 220,681
Ad Valorem Taxes Receivable, Net	370,680
State Revenue Sharing Receivable	<u>7,840</u>
Total Assets	<u>\$ 599,201</u>
Liabilities	
Accounts Payable	<u>\$ 9,512</u>
Total Liabilities	<u>9,512</u>
Deferred Inflows of Resources	
Unavailable Ad Valorem Taxes	<u>14,966</u>
Total Deferred Inflows of Resources	<u>14,966</u>
Fund Balance	
Unassigned	<u>574,723</u>
Total Fund Balance	<u>574,723</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 599,201</u>
Amounts reported for governmental activities in the statement of net position are different because:	
Fund Balance	\$ 574,723
Deferred inflows of resources - unavailable ad valorem taxes are not reported on government-wide financial statements.	14,966
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>888,791</u>
Net Position of Governmental Activities	<u>\$ 1,478,480</u>

The accompanying notes are an integral part of these financial statements

RECREATION DISTRICT NO. 4 OF ST. TAMMANY PARISH
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2019

	General Fund
Revenues	
Ad Valorem Taxes	\$ 429,003
Donations and Grants	23,070
Sports Registration Fees	17,662
Facility Rentals	17,341
Folgers	15,000
State Revenue Sharing	11,791
Concession Income	10,737
Other Income	7,817
Interest Income	<u>2,356</u>
Total Revenues	<u>534,777</u>
Expenditures	
General and Administration	299,668
Recreation	<u>163,287</u>
Total Expenditures	<u>462,955</u>
Net Change in Fund Balance	<u>71,822</u>
Fund Balance, Beginning of Year	487,236
Prior Period Adjustment	<u>15,665</u>
Fund Balance, Beginning of Year, as Restated	<u>502,901</u>
Fund Balance, End of Year	<u>\$ 574,723</u>

The accompanying notes are an integral part of these financial statements

RECREATION DISTRICT NO. 4 OF ST. TAMMANY PARISH
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balance of Governmental Funds to
the Statement of Activities
For the Year Ended December 31, 2019

Net Change in Fund Balance - Total Governmental Funds	\$ 71,822
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives through depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.</p>	(47,018)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:</p>	
<p>Change in Deferred Inflows of Resources - Unavailable Ad Valorem Taxes</p>	<u>(29,451)</u>
<p>Change in Net Position of Governmental Activities</p>	<u>\$ (4,647)</u>

The accompanying notes are an integral part of these financial statements

RECREATION DISTRICT NO. 4 OF ST. TAMMANY PARISH

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

Introduction

Recreation District No. 4 of St. Tammany Parish (the District) was created by the St. Tammany Parish Police Jury on August 6, 1981, pursuant to Louisiana Revised Statute 33:4564. The District has the authority to own and operate facilities and engage in activities which promote recreation. The governing board is made up of seven commissioners appointed by the St. Tammany Parish Council (the Parish Council) who serve four-year terms.

Reporting Entity

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of an entity for financial reporting purposes. The basic criterion for including a potential component unit with the reporting entity is financial accountability. As such, the District has no component units under the established criteria.

The District is a component unit of St. Tammany Parish (the Parish) because the Parish Council appoints all members of the District's governing board and, as such, is financially accountable for the District. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the Parish, the general government services provided by that governmental unit, or the governmental units that comprise the financial reporting entity. The accounting and reporting policies of the District conform to accounting principles generally accepted in the United States of America applicable to governmental entities. Following is a summary of significant accounting policies.

Basis of Presentation

The accompanying basic financial statements of the District have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, issued in June 1999, as amended by GASB Statement No. 63 in June 2011.

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the District. 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. Because of the nature of the District's operations, the District reports only governmental activities.

RECREATION DISTRICT NO. 4 OF ST. TAMMANY PARISH

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

Government-Wide Financial Statements (Continued)

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, 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 the governmental funds.

Fund Financial Statements

The District uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The funds of the District are classified as governmental. The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the District, or the total assets, liabilities, revenues, or expenditures of the individual governmental fund is at least 10 percent of the corresponding total for all governmental funds.

The District reports the following major governmental fund:

General Fund - The General Fund is the primary operating fund of the District. It accounts for all the financial resources except those that are required to be accounted for in other funds.

Measurement Focus / Basis of Accounting

The government-wide financial statements are accounted for using an economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income and changes in financial position.

The government-wide financial statements are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of the timing of related cash flows.

RECREATION DISTRICT NO. 4 OF ST. TAMMANY PARISH

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Measurement Focus / Basis of Accounting (Continued)

The amounts reflected in the governmental fund financial statements use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period, or soon enough thereafter to pay liabilities of the current period. The District considers all revenues available if they are collected within 60 days after the fiscal year-end.

Ad valorem taxes are considered to be collected when they are collected by the St. Tammany Parish Sheriff. Ad valorem taxes collected after 60 days are recorded as a deferred inflow of resources on the governmental fund balance sheet. State revenue sharing associated with the current fiscal period is considered susceptible to accrual and so has 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 District. Property taxes, intergovernmental revenues, and interest associated with the current fiscal year are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period.

Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt, which are recognized when payment is due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Budget and Budgetary Accounting

Formal budgetary accounting is employed as a management control device during the year for the General Fund. The budget is adopted for the General Fund on a basis consistent with accounting principles generally accepted in the United States of America. All appropriations which are not expended lapse at year-end.

Cash and Cash Equivalents

Cash includes amounts in interest-bearing demand deposits. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the District may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at market.

RECREATION DISTRICT NO. 4 OF ST. TAMMANY PARISH

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Receivables

Receivables are reported net of estimated uncollectible amounts. At December 31, 2019, the allowance for uncollectibles was \$16,842. This represents 4% of the total ad valorem tax assessed. This estimate is based on the District's history of collections within this revenue stream.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$600 and an estimated life in excess of two years. Such assets are recorded at historical cost or estimated cost if historical cost is not available. Donated capital assets are recorded at estimated fair market value at the date of donation. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation.

Equity Classifications

Government-wide net position is divided into three components:

- a. *Net Investment in Capital Assets* - Consists of capital assets, including restricted 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.
- b. *Restricted* - Consists of assets that have constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.
- c. *Unrestricted* - All other net position is reported in this category.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District's policy is to apply restricted net position first.

In the governmental fund financial statements, fund balances are classified as follows:

1. *Nonspendable* - Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
2. *Restricted* - Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

RECREATION DISTRICT NO. 4 OF ST. TAMMANY PARISH

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Equity Classifications (Continued)

3. *Committed* - Amounts that can be used only for specific purposes determined by a formal action of the Board of Commissioners (the Board). The Board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through formal actions of the Board.
4. *Assigned* - Amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. Under the District's adopted policy, only the Board may assign amounts for specific purposes.
5. *Unassigned* - All other spendable amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

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

New Upcoming Accounting Pronouncements

The GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. The objective of GASB 83 is to establish criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations. In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, postponing the effective date of Statement No. 83 to reporting periods beginning after June 15, 2019.

The GASB issued Statement No. 84, *Fiduciary Activities*. The objective of GASB 84 is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purpose and how those activities should be reported. In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, postponing the effective date of Statement No. 84 to reporting periods beginning after December 15, 2019.

RECREATION DISTRICT NO. 4 OF ST. TAMMANY PARISH

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

New Upcoming Accounting Pronouncements (Continued)

The GASB issued Statement No. 87, *Leases*. The objective of GASB 87 is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, postponing the effective date of Statement No. 87 to reporting periods beginning after June 15, 2021.

The GASB issued Statement No. 88, *Certain Disclosures Related to Debt*. This Statement defines debt for purposes of disclosure in notes to the financial statements and establishes additional financial statement note disclosure requirements related to debt obligations of governments. In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, postponing the effective date of Statement No. 88 to reporting periods beginning after June 15, 2019.

The GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of GASB 89 are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, postponing the effective date of Statement No. 89 to reporting periods beginning after December 15, 2020.

Note 2. Cash

The following is a summary of cash (book balances) at December 31, 2019:

Demand Deposits per Bank	\$ 224,610
Secured by Federal Deposit Insurance	<u>(224,610)</u>
Unsecured / Uncollateralized	<u>\$ -</u>

These deposits are stated at cost, which approximates market.

RECREATION DISTRICT NO. 4 OF ST. TAMMANY PARISH

Notes to Financial Statements

Note 2. Cash (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 - Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be recovered. The District does not have a deposit policy for custodial credit risk. As of December 31, 2019, none of the District's bank balance was exposed to custodial credit risk.

Note 3. Ad Valorem Taxes

The District's ad valorem tax is levied in October of each year on the assessed value of property within the District's taxing area. Taxes are due and payable by December 31st, and an enforceable lien attaches to the property on January 1st. The taxes are collected on behalf of the District by the St. Tammany Parish Sheriff and then remitted to the District. The District receives most of the ad valorem taxes in February, March, and April. For the year ended December 31, 2019, taxes of 10.82 mills were levied on property within the District.

Note 4. Capital Assets

Capital assets activity for the year ended December 31, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Being Depreciated				
Recreational Facilities	\$ 1,662,813	\$ 26,476	\$ -	\$ 1,689,289
Total Capital Assets Being Depreciated	<u>1,662,813</u>	<u>26,476</u>	<u>-</u>	<u>1,689,289</u>
Less Accumulated Depreciation for:				
Recreational Facilities	<u>(727,004)</u>	<u>(73,494)</u>	<u>-</u>	<u>(800,498)</u>
Total Accumulated Depreciation	<u>(727,004)</u>	<u>(73,494)</u>	<u>-</u>	<u>(800,498)</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 935,809</u>	<u>\$ (47,018)</u>	<u>\$ -</u>	<u>\$ 888,791</u>

The District recorded \$73,494 of depreciation expense on its capital assets for the year ended December 31, 2019.

RECREATION DISTRICT NO. 4 OF ST. TAMMANY PARISH

Notes to Financial Statements

Note 5. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended December 31, 2019, the District carried insurance through various commercial carriers to cover all risks of loss. The District had no settled claims resulting from these risks that exceeded its commercial coverage in any of the past three fiscal years.

Note 6. Prior Period Adjustment

The District received contract revenues in the year ended December 31, 2019 which were earned in a previous year. As a result, a prior period adjustment in the amount of \$15,665 was recorded.

Note 7. Subsequent Event

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern", and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had, and are expected to continue to have, an adverse impact on the economies and financial markets of many countries, including the geographical area in which the District operates. Also, the District has temporarily suspended its recreation operations. It is unknown how long these conditions will last and what the complete financial effect will be to the District.

REQUIRED SUPPLEMENTARY INFORMATION

RECREATION DISTRICT NO. 4 OF ST. TAMMANY PARISH
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Budgetary Basis) - General Fund
For the Year Ended December 31, 2019

	Budget		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Ad Valorem Taxes	\$ 350,000	\$ 430,000	\$ 429,003	\$ (997)
Donations and Grants	5,000	23,000	23,070	70
Sports Registration Fees	18,900	18,900	17,662	(1,238)
Folgers	15,000	15,000	15,000	-
Concession Revenue	7,000	7,000	10,737	3,737
Facility Rentals	17,000	17,000	17,341	341
State Revenue Sharing	7,900	7,900	11,791	3,891
Other Income	4,350	7,800	7,817	17
Interest Revenue	-	2,300	2,356	56
Total Revenues	425,150	528,900	534,777	5,877
Expenditures				
General and Administration	283,830	300,000	299,668	332
Recreation	145,490	163,000	163,287	(287)
Total Expenditures	429,320	463,000	462,955	45
Net Change in Fund Balance	\$ (4,170)	\$ 65,900	71,822	\$ 5,922
Fund Balance, Beginning of Year			487,236	
Prior Period Adjustment			15,665	
Fund Balance, Beginning of Year, as Restated			502,901	
Fund Balance, End of Year			\$ 574,723	

See independent auditor's report.

OTHER SUPPLEMENTARY INFORMATION

RECREATION DISTRICT NO. 4 OF ST. TAMMANY PARISH
Schedule of Governing Board
For the Year Ended December 31, 2019

<u>Board of Commissioners</u>	<u>Expiration</u>	<u>Compensation</u>
Wendy Batiste P.O. Box 15 Lacombe, LA 70445	December 31, 2020	\$-0-
Steve Muller 27056 Lucille Drive Lacombe, LA 70445	December 31, 2020	\$-0-
Lucinda Roberts 27257 Sycamore Drive Lacombe, LA 70445	December 31, 2020	\$-0-
Gerrin Narcisse 27223 Heltemes Lane Lacombe, LA 70445	December 31, 2020	\$-0-
Albert Hamauei 60162 Oaklawn Avenue Lacombe, LA 70445	December 31, 2020	\$-0-
Marie Wright P.O. Box 491 Lacombe, LA 70445	December 31, 2020	\$-0-
Jody Charbonnet 27418 Tag A Long Road Lacombe, LA 70445	December 31, 2020	\$-0-

See independent auditor's report.

RECREATION DISTRICT NO. 4 OF ST. TAMMANY PARISH
Schedule of Compensation, Benefits, and Other Payments
to Agency Head
For the Year Ended December 31, 2019

Agency Head
Jordan Johnson, Executive Director

Purpose	Amount
Salary	\$46,730
Benefits - Insurance	\$4,495
Benefits - Retirement	\$0
Benefits - Other	\$0
Car Allowance	\$0
Vehicle Provided by Government	\$0
Per Diem	\$0
Reimbursements	\$0
Travel	\$678
Registration Fees	\$1,233
Conference Travel	\$0
Continuing Professional Education Fees	\$0
Housing	\$0
Unvouchered Expenses	\$0
Special Meals	\$0

See independent auditor's report.

**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**

Independent Auditor's Report

To the Board of Commissioners
Recreation District No. 4 of St. Tammany Parish
Lacombe, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities and each major fund of Recreation District No. 4 of St. Tammany Parish (the District), a component unit of St. Tammany Parish, Louisiana, 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, and have issued our report thereon dated August 25, 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 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests 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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



A Professional Accounting Corporation

Covington, LA
August 25, 2020

RECREATION DISTRICT NO. 4 OF ST. TAMMANY PARISH
Schedule of Findings and Responses
For the Year Ended December 31, 2019

Part I - Summary of Auditor's Results

Financial Statements

- | | |
|--|------------|
| 1. Type of auditor's report issued: | Unmodified |
| 2. Internal control over financial reporting and compliance and other matters: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified? | No |
| c. Noncompliance material to the financial statements? | No |
| d. Other matters identified? | No |
| 3. Management letter comment provided? | None |

Federal Awards

Not applicable.

RECREATION DISTRICT NO. 4 OF ST. TAMMANY PARISH
Schedule of Prior Audit Findings
For the Year Ended December 31, 2019

2018-001 Financial Statement Preparation

Status: This finding has been resolved.

AGREED-UPON PROCEDURES REPORT

St. Tammany Parish Recreation District No. 4

Independent Accountant's Report
on Applying Agreed-Upon Procedures

For the Period of January 1, 2019 - December 31, 2019

To the Board of Commissioners
St. Tammany Parish Recreation District No. 4
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below as they are a required part of the engagement. We are required to perform each procedure and report the results, including any exceptions. Management is required to provide a corrective action plan that addresses all exceptions noted. For any procedures that do not apply, we have marked "not applicable."

Management of St. Tammany Parish Recreation District No. 4 (the District), a component unit of St. Tammany Parish, Louisiana, is responsible for its financial records, establishing internal controls over financial reporting, and compliance with applicable laws and regulations. These procedures were agreed to by management of the District and the Legislative Auditor, State of Louisiana, solely to assist the users in assessing certain controls and in evaluating management's assertions about the District's compliance with certain laws and regulations during the period of January 1, 2019 through December 31, 2019, in accordance with Act 774 of 2014 Regular Legislative Session. The sufficiency of these procedures is solely the responsibility of the District and the Legislative Auditor. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which the report has been requested or for any other purpose.

Our procedures and results are as follows:

Board Governance and Management (follow-up)

Obtain and inspect the entity's written policies and procedures and observe that they address financial reporting, record retention, and public meeting requirements.

Results: We obtained the District's financial policies and procedures and note that they address financial reporting, record retention and public meeting requirements.

Ethics (follow-up)

1. Obtain and inspect the entity's written policies and procedures over ethics and observe that they require all employees, including elected officials, to annually attest through signature verification that they have read the entity's ethics policy.

Results: We obtained the District's written policies and procedures over ethics and noted that they require all employees, including elected officials to attest through signature verification that they have read the District's ethics policy.

2. Obtain a listing of employees (and elected officials) and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain ethics documentation from management, and:
 - a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period; and
 - b) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Results: We performed the above procedures and noted that 2 out of 5 employees/officials completed the one hour of ethics training during the fiscal period and none of the employees/officials signature verified that they have read the ethics policy.

Financial Management (follow-up)

1. Obtain and inspect the entity's 2019 budget and observe that the entity ratified its budget using the official budget template on the Legislative Auditor's best practice website, or similar budget tool that meets requirements of the Local Government Budget Act (R.S. 39:1305).

Results: We noted that the District did use a similar budget tool that meets all of the requirements of the LGBA.

Information Technology Disaster Recovery/Business Continuity

1. 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. 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 five 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 procedures and discussed the results with management.

Sexual Harassment

1. 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: We obtained the District's written sexual harassment policies and procedures and noted that the included each of the required elements.

2. 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 five 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: We performed the procedure and noted that 2 out of 5 officials/employees completed the one-hour sexual harassment training during the calendar year.

3. 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: We noted that the policy was not posted on the District's website.

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

Results: We obtained the District's annual report and noted that it included the applicable requirements of R.S. 42:344. We noted that the report was dated March 7, 2020.

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 conduct an examination or review, the objective of which would be the expression of an opinion or conclusion. 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 management of St. Tammany Parish Recreation District No. 4 and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Covington, LA
August 12, 2020



St. Tammany Parish
Recreation District #4
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Phone :(985-882-7782) Fax: (985-882-9646)
Website: www.lacomberec.com

Mike Cooper, Parish President
Jimmie Davis III, Councilman
Jordan Johnson, Executive Director
Fabian Hartley, Athletic Director
Sherry Marrero, Administrative Assistant

Board Members

Gerrin Narcisse, Chair
Lucinda Roberts, Wendy Batiste
Steve Muller, Jody Charbonnet
Antoinette Wright, Al Hamauei

Mr. Daryl Purpera
Louisiana Legislative Auditor
1600 N 3rd St.
P.O. Box 94397
Baton Rouge, LA 70804-9397

RE: Act 774 Agreed-upon Procedures

The management of the St. Tammany Parish Recreation District No. 4 wishes to provide the following responses relative to the results of the 2018 Act 774 agreed-upon procedures engagement:

- 1) In response to the results for the ethics procedure, management of the District will ensure that all employees/officials complete the one hour training and that they annually signature verify that they have read the District's ethics policy.
- 2) In response to the sexual harassment procedures, management will post the sexual harassment policy on its website, it will ensure that all employees/officials complete the one hour training and it will complete the 2020 annual report prior to February 1 2021.

Sincerely,

Gerrin Narcisse
Board Chair