

**RECREATION DISTRICT NO. 6
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. 6 of St. Tammany Parish
Covington, Louisiana

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Recreation District No. 6 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.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Recreation District No. 6 of St. Tammany Parish 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 management's discussion and analysis and budgetary comparison information on pages 5 - 6 and page 23, respectively, be presented to supplement the basic financial statements. Such information, although not 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 information listed as other supplementary information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 16, 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 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 Recreation District No. 6 of St. Tammany Parish's internal control over financial reporting and compliance.

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

A Professional Accounting Corporation

Covington, LA
May 16, 2020

REQUIRED SUPPLEMENTARY INFORMATION (PART I)
MANAGEMENT'S DISCUSSION AND ANALYSIS

RECREATION DISTRICT NO. 6 OF ST. TAMMANY PARISH
Management's Discussion and Analysis
For the Year Ended December 31, 2019

As management of Recreation District No. 6 of St. Tammany Parish (the District), we offer this discussion and analysis of the District's financial activities for the year ended December 31, 2019.

As with other sections of this financial report, the information contained within this Management's Discussion and Analysis (MD&A) should be considered only a part of the greater whole. The readers of this statement should take time to read and evaluate all sections of this report, including the footnotes.

Financial Highlights

This annual report consists of a series of financial statements. The statement of net position and the statement of activities (on pages 8 and 9) provide information about the activities of the District as a whole and present a longer-term view of the District's finances. Fund financial statements begin on page 11. These statements detail how these services were financed in the short-term as well as what remains for future spending. The District is a component unit of St. Tammany Parish, Louisiana. Its main operations are conducted through a general fund.

A summary of the basic government-wide financial statements is as follows:

SUMMARY OF STATEMENTS OF NET POSITION

	2019	2018	Change
Assets			
Current Assets	\$ 411,514	\$ 428,060	\$ (16,546)
Capital Assets	748,843	851,481	(102,638)
Total Assets	1,160,357	1,279,541	(119,184)
Liabilities			
Current Liabilities	136,333	112,011	24,322
Non-Current Liabilities	935,000	1,035,000	(100,000)
Total Liabilities	1,071,333	1,147,011	(75,678)
Net Position			
Net Investment in Capital Assets	(286,157)	(283,519)	(2,638)
Restricted - Debt Service	181,159	196,767	(15,608)
Unrestricted	194,022	219,282	(25,260)
Total Net Position	\$ 89,024	\$ 132,530	\$ (43,506)

RECREATION DISTRICT NO. 6 OF ST. TAMMANY PARISH
Management's Discussion and Analysis
For the Year Ended December 31, 2019

SUMMARY OF STATEMENTS OF ACTIVITIES

	2019	2018	Change
Revenues			
Governmental Activities			
Recreation			
Charges for Services	\$ 79,091	\$ 110,032	\$ (30,941)
General Revenues			
Ad Valorem Taxes	257,240	280,273	(23,033)
State Revenue Sharing	5,637	4,627	1,010
Other	8,758	3,457	5,301
Total Revenues	350,726	398,389	(47,663)
Expenses			
Recreation	363,128	382,342	(19,214)
Interest on Long-Term Debt	31,104	40,824	(9,720)
Total Expenses	394,232	423,166	(28,934)
Change in Net Position	\$ (43,506)	\$ (24,777)	\$ (18,729)

Capital Assets and Debt

In 2019, capital assets decreased by \$102,638, which was the result of depreciation expense in excess of capital asset purchases. Total debt decreased by \$100,000, due to payment of bond principal in excess of bond proceeds.

Economic Factors and Next Year's Budget and Rates

The District has authority to levy millage rates up to 11 mills for payment of general obligation bonds and 6 mills for operations and maintenance. The 2019 rates were levied at 4.75 mills for payment of general obligation bonds and 5.84 mills for acquiring, constructing, improving, maintaining, operating, and/or supporting parks, playgrounds, recreation centers, and other recreational facilities.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Mr. Michael Michel, Chairman, 110 Highland Crest Drive, Covington, LA 70435.

BASIC FINANCIAL STATEMENTS
GOVERNMENT-WIDE FINANCIAL STATEMENTS

RECREATION DISTRICT NO. 6 OF ST. TAMMANY PARISH
Statement of Net Position
December 31, 2019

	Governmental Activities
<hr/>	
Assets	
Cash and Cash Equivalents	\$ 146,723
Receivables - Ad Valorem Taxes, Net	261,033
Receivables - State Revenue Sharing	3,758
Capital Assets, Net	<u>748,843</u>
Total Assets	<u>1,160,357</u>
Liabilities	
Accounts Payable	26,090
Accrued Interest	10,243
Bonds Payable	
Due Within One Year	100,000
Due in More than One Year	<u>935,000</u>
Total Liabilities	<u>1,071,333</u>
Net Position	
Net Investment in Capital Assets	(286,157)
Restricted - Debt Service	181,159
Unrestricted	<u>194,022</u>
Total Net Position	<u><u>\$ 89,024</u></u>

The accompanying notes are an integral part of these financial statements.

RECREATION DISTRICT NO. 6 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	\$ 363,128	\$ 79,091	\$ -	\$ (284,037)
Interest on Long-Term Debt	31,104	-	-	(31,104)
Total	\$ 394,232	\$ 79,091	\$ -	(315,141)
General Revenues				
Ad Valorem Taxes				257,240
State Revenue Sharing				5,637
Other Income				8,758
Total General Revenues				271,635
Change in Net Position				(43,506)
Net Position, Beginning of Year				132,530
Net Position, End of Year				\$ 89,024

The accompanying notes are an integral part of these financial statements.

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

RECREATION DISTRICT NO. 6 OF ST. TAMMANY PARISH
Balance Sheet
Governmental Funds
December 31, 2019

	General Fund	Debt Service Fund	Total Governmental Funds
Assets			
Cash and Cash Equivalents	\$ 63,642	\$ 83,081	\$ 146,723
Receivables - Ad Valorem Taxes, Net	143,951	117,082	261,033
Receivables - State Revenue Sharing	3,758	-	3,758
Due from Other Funds	13,144	-	13,144
Total Assets	\$ 224,495	\$ 200,163	\$ 424,658
Liabilities			
Accounts Payable	\$ 26,090	\$ -	\$ 26,090
Due to Other Funds	-	13,144	13,144
Total Liabilities	26,090	13,144	39,234
Deferred Inflows of Resources			
Unavailable Ad Valorem Taxes	7,206	5,860	13,066
Total Deferred Inflows of Resources	7,206	5,860	13,066
Fund Balances			
Restricted for:			
Debt Service	-	181,159	181,159
Unassigned	191,199	-	191,199
Total Fund Balances	191,199	181,159	372,358
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 224,495	\$ 200,163	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	748,843
Deferred inflows of resources - unavailable ad valorem taxes are not reported on government-wide financial statements.	13,066
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(1,035,000)
Accrued interest on long-term liabilities is not reported in the governmental funds.	(10,243)
Net Position of Governmental Activities	\$ 89,024

The accompanying notes are an integral part of these financial statements.

RECREATION DISTRICT NO. 6 OF ST. TAMMANY PARISH
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2019

	General Fund	Debt Service Fund	Total Governmental Funds
Revenues			
Ad Valorem Taxes	\$ 143,576	\$ 115,706	\$ 259,282
Concession and Gate Fees	40,027	-	40,027
Sports Registration Fees	46,286	-	46,286
State Revenue Sharing	5,637	-	5,637
Other Income	8,040	718	8,758
Sponsorship Income	2,276	-	2,276
Total Revenues	245,842	116,424	362,266
Expenditures			
Current			
Recreation	100,693	-	100,693
General and Administration	94,309	178	94,487
Concessions	12,233	-	12,233
Capital Outlay	62,575	-	62,575
Debt Service			
Principal Retirement	-	100,000	100,000
Interest and Fiscal Charges	-	31,854	31,854
Total Expenditures	269,810	132,032	401,842
Net Change in Fund Balances	(23,968)	(15,608)	(39,576)
Fund Balances, Beginning of Year	215,167	196,767	411,934
Fund Balances, End of Year	\$ 191,199	\$ 181,159	\$ 372,358

The accompanying notes are an integral part of these financial statements.

RECREATION DISTRICT NO. 6 OF ST. TAMMANY PARISH
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds to
the Statement of Activities
For the Year Ended December 31, 2019

Net Change in Fund Balances - Total Governmental Funds	\$ (39,576)
Amounts reported for governmental activities in the statement of activities are different because:	
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 expense exceeded capital outlays in the current period.	(102,638)
The issuance of long-term debt (e.g., bonds and certificates of indebtedness) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on the change in net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	100,000
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:	
Change in Deferred Inflows of Resources - Unavailable Ad Valorem Taxes	(2,042)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	750
Change in Net Position of Governmental Activities	<u>\$ (43,506)</u>

The accompanying notes are an integral part of these financial statements.

RECREATION DISTRICT NO. 6 OF ST. TAMMANY PARISH

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

The mission of Recreation District No. 6 of St. Tammany Parish (the District) is to acquire, construct, operate, and maintain recreation facilities in the area of St. Tammany Parish, Louisiana (the Parish) which includes Covington, Louisiana. The District was created in 2008, by Ordinance of St. Tammany Parish. The District is governed by a Board of Commissioners, which is appointed by the Parish. The District consists of up to seven (7) Commissioners who serve staggered 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 criteria established.

The District is a component unit of the Parish because the Parish appoints all members of the District's 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. The 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. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

RECREATION DISTRICT NO. 6 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 is 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 various 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 funds:

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.

Debt Service Fund - The Debt Service Fund accounts for the remainder of the proceeds of ad valorem millage of 4.75 mills, restricted for debt service.

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 net 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. 6 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 are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to the government-wide financial statements.

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. 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.

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.

Budget and Budgetary Accounting

The Board of Commissioners adopted a budget for the General Fund. The budgetary practices include public notice of the proposed budget, public inspection of the proposed budget, and public hearings on the budget prior to adoption. Any amendment involving increases in expenditures must be approved by the Board. Budgeted amounts included in the accompanying financial statements include all amendments. All budgeted amounts which are not expended or obligated through contracts lapse at year-end. The General Fund budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America.

Cash, Cash Equivalents, and Investments

Cash includes amounts in interest-bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. 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.

RECREATION DISTRICT NO. 6 OF ST. TAMMANY PARISH

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Cash, Cash Equivalents, and Investments (Continued)

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.

Receivables

Receivables are reported net of estimated uncollectible amounts. At December 31, 2019, the allowance for uncollectibles was \$4,900 and \$3,986, for the General Fund and the Debt Service Fund, respectively. This represents 3% of the total ad valorem tax assessed. This estimate is based on the District's history of collections within this revenue stream.

Capital Assets

All capital assets of the District are recorded at historical cost in the government-wide financial statements. Depreciation of all exhaustible capital assets is charged as an expense against its operations.

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

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the assets' lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. The District capitalizes equipment and furniture in excess of \$2,500. The following estimated useful lives and methods are used to compute depreciation:

Recreational Facilities	10 or 15 Years	Straight-Line
Equipment	5, 7, or 10 Years	Straight-Line

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses.

RECREATION DISTRICT NO. 6 OF ST. TAMMANY PARISH

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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.

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

- a. *Restricted Fund Balance* - Amounts that can be spent only for specific purposes because of state or federal laws or restrictions externally imposed by grantors, creditors, or citizens.
- b. *Unassigned Fund Balance* - All amounts not included in other spendable classifications.

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

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 Accounting Pronouncements

The GASB issued Statement No. 87, *Leases*, in June 2017. 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. This Statement is not expected to have a significant impact to the District's financial statements. This Statement will be effective for the District for the fiscal year ending December 31, 2022.

RECREATION DISTRICT NO. 6 OF ST. TAMMANY PARISH

Notes to Financial Statements

Note 2. Cash and Cash Equivalents

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

Demand Deposits	<u>\$ 146,723</u>
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These deposits are stated at cost, which approximates market.

Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent 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, \$-0- of the District's bank balance was exposed to custodial credit risk.

Note 3. 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	\$ 2,114,586	\$ 25,000	\$ -	\$ 2,139,586
Equipment	128,013	37,575	-	165,588
Total Capital Assets Being Depreciated	<u>2,242,599</u>	<u>62,575</u>	<u>-</u>	<u>2,305,174</u>
Less Accumulated Depreciation for:				
Recreational Facilities	(1,336,752)	(147,496)	-	(1,484,248)
Equipment	(54,366)	(17,717)	-	(72,083)
Total Accumulated Depreciation	<u>(1,391,118)</u>	<u>(165,213)</u>	<u>-</u>	<u>(1,556,331)</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 851,481</u>	<u>\$ (102,638)</u>	<u>\$ -</u>	<u>\$ 748,843</u>

Depreciation expense amounted to \$165,213 for the year ended December 31, 2019.

RECREATION DISTRICT NO. 6 OF ST. TAMMANY PARISH**Notes to Financial Statements**

Note 4. Long-Term Debt

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

	General Obligation Bonds
Payable at January 1, 2019	\$ 1,135,000
Retired	<u>(100,000)</u>
Payable at December 31, 2019	<u>\$ 1,035,000</u>
Due Within One Year	<u>\$ 100,000</u>
 \$1,135,000 General Obligation Refunding Bonds dated May 27, 2018; due in 10 annual installments; due March 1, 2028, with semi-annual interest payments at 2.25% to 3.40%.	 <u>\$ 1,035,000</u>

The following is a schedule of future principal debt service requirements:

Year Ending December 31,	General Obligation Bonds	
	Principal	Interest
2020	\$ 100,000	\$ 29,479
2021	103,000	26,890
2022	105,000	24,134
2023	114,000	21,092
2024	116,000	17,727
2025-2028	<u>497,000</u>	<u>33,282</u>
Total	<u>\$ 1,035,000</u>	<u>\$ 152,604</u>

Note 5. Interfund Receivables/Payables

The primary purpose of interfund receivables/payables is to loan monies between funds to cover current expenditures. All interfund receivables/payables are considered short-term, as they are expected to be repaid within the next fiscal year.

RECREATION DISTRICT NO. 6 OF ST. TAMMANY PARISH

Notes to Financial Statements

Note 6. 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 7. Ad Valorem Taxes

Property taxes for the bond debt service of the District are levied each November 1st on the assessed value listed as of the prior January 1st for all real property, merchandise, and movable property located in the Parish. Assessed values are established by the St. Tammany Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A re-evaluation of all property is required to be completed no less than every four years. The last re-evaluation was completed in 2016. Taxes are due and payable December of the following year.

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

	Authorized	Levied	Expiration
Operations and Maintenance	6.0 mills	5.84 mills	2021
Payment of General Obligation Bonds	11.0 mills	4.75 mills	2029

On April 21, 2012, voters approved a 6 mills property tax for acquiring, constructing, improving, maintaining, operating, and/or supporting parks, playgrounds, recreation centers, and other recreational facilities in the District, beginning with the year 2012 and ending with the year 2021.

Note 8. Subsequent Events

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. It is unknown how long these conditions will last and what the complete financial effect will be to the District.

REQUIRED SUPPLEMENTARY INFORMATION (PART II)

RECREATION DISTRICT NO. 6 OF ST. TAMMANY PARISH
Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual - General Fund
For the Year Ended December 31, 2019

	Budget		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Ad Valorem Taxes	\$ 131,967	\$ 131,967	\$ 143,576	\$ 11,609
Concession and Gate Fees	115,061	115,061	40,027	(75,034)
Sports Registration Fees	-	-	46,286	46,286
State Revenue Sharing	1,885	1,885	5,637	3,752
Other Income	-	-	8,040	8,040
Sponsorship Income	-	-	2,276	2,276
Total Revenues	248,913	248,913	245,842	(3,071)
Expenditures				
Recreation	72,735	72,735	100,693	(27,958)
General and Administration	149,720	149,720	94,309	55,411
Concessions	-	-	12,233	(12,233)
Capital Outlay	30,000	39,000	62,575	(23,575)
Total Expenditures	252,455	261,455	269,810	(8,355)
Net Change in Fund Balance	\$ (3,542)	\$ (12,542)	(23,968)	\$ (11,426)
Fund Balance, Beginning of Year			215,167	
Fund Balance, End of Year			\$ 191,199	

See independent auditor's report.

OTHER SUPPLEMENTARY INFORMATION

RECREATION DISTRICT NO. 6 OF ST. TAMMANY PARISH
Schedule of Governing Board
December 31, 2019

<u>Board of Commissioners</u>	<u>Compensation</u>
Michael Michel, Chairman 110 Highland Crest Drive Covington, LA 70435	\$ -0-
Mark W. Files, Treasurer 40 Greenhills Drive Covington, LA 70435	-0-
Kristen Davis Hardy, Secretary 78166 Highway 437 Covington, LA 70435	-0-
Eric Sonier PO Box 882 Covington, LA 70434	-0-

See independent auditor's report.

RECREATION DISTRICT NO. 6 OF ST. TAMMANY PARISH
Schedule of Compensation, Benefits, and Other Payments
to Agency Head
For the Year Ended December 31, 2019

Agency Head
Michael Michel, Chairman

Purpose	Amount
Salary	\$0
Benefits - Insurance	\$0
Benefits - Retirement	\$0
Benefits - Other	\$0
Car Allowance	\$0
Vehicle Provided by Government	\$0
Per Diem	\$0
Reimbursements	\$2,735
Travel	\$0
Registration Fees	\$0
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. 6 of St. Tammany Parish
Covington, 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 financial statements of the governmental activities and each major fund of Recreation District No. 6 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 May 16, 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 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 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 Louisiana Legislative Auditor as a public document.

A handwritten signature in cursive script, appearing to read "LaPorte".

A Professional Accounting Corporation

Covington, LA
May 16, 2020

RECREATION DISTRICT NO. 6 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? | None reported |
| c. Noncompliance material to the financial statements identified? | No |
| 3. Management letter comment provided? | None |

Federal Awards

Not applicable.

Part II - Findings Related to the Financial Statements

None.

Part III - Compliance and Other Matters

None.

AGREED-UPON PROCEDURES REPORT

St. Tammany Parish Recreation District No. 6

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. 6
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. 6 (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 the 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 above either for the purpose for which the report has been requested or for any other purpose.

The procedures and associated results are as follows:

Concession and Gate Collections

1. Randomly select one week of collections during the fiscal period, obtain supporting documentation, and:
 - a) 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: No exceptions were noted in performing the above procedure.

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Debt Service (follow-up)

1. Obtain and inspect the entity's written policies and procedures over debt service and observe that they address (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Results: We obtained the written policies and procedures over debt service and observed the policies did not address the items listed above.

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.

Results: We obtained the contractual terms and observed they addressed 1, 2, and 3 above. They did not address items 4, 5, and 6 listed above.

2. 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: No exceptions were noted in performing the above procedures.

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 written policies and procedures over sexual harassment and observed the policies did not address annual employee training or annual reporting requirements.

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 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: For all employees tested we noted no training was completed.

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 no sexual harassment policy/complaint procedure was posted on their 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 1, and observe that it includes the applicable requirements of R.S. 42:344.

Results: We noted the District did not have an annual report.

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 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. 6 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 Professional Accounting Corporation

Covington, LA
May 16, 2020

RECREATION DISTRICT NO. 6 OF ST. TAMMANY PARISH

**P.O. Box 1590
COVINGTON, LA 70435**

May15, 2020

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. 6 wishes to provide the following responses relative to the results of the 2019 Act 774 agreed-upon procedures engagement.

Debt Service:

The District's written policies and procedures over debt service did not include debt issuance approval process, a process covering the continuing disclosure/EMMA reporting requirements, debt reserve requirements and debt service requirements..

Response: We will ensure that our policies and procedures over debt service will be modified to include these specific items.

Information Technology Disaster Recovery/Business Continuity:

The District's written policies and procedures did not address use of antivirus software on all computers, timely application of all available system and software patches/updates, and identification of personnel, processes, and tools needed to recover operations after a critical event.

Response: While we do this in practice, we will ensure that our policies and procedures over information technology disaster recovery/business continuity will be modified to include these specific items.

Sexual Harassment:

The District's written policies and procedures over sexual harassment did not address the annual employee training or annual reporting requirements. As a result, we noted no training was completed for all employees tested nor was there an annual report prepared by the District. We also noted that the sexual harassment policy and complaint procedures were not posted on the Districts website.

Page 2

Response: The District will modify its sexual harassment policies and procedures to include these items and make sure all employee go through the required training. The District will prepare an annual report as required and post our sexual harassment policy and complaint procedures on our website.

Sincerely,

A handwritten signature in cursive script that reads "Mark W. Files". The signature is written in dark ink and is positioned above the printed name and title.

Mark Files
Board Treasurer