

**RECREATION DISTRICT NO. 14
OF ST. TAMMANY PARISH**

Annual Financial Statements

December 31, 2020



Contents

Independent Auditor's Report	1 - 3
-------------------------------------	-------

Basic Financial Statements

Government-Wide Financial Statements	
Statement of Net Position	5
Statement of Activities	6
Fund Financial Statements	
Governmental Funds	
Balance Sheet	8
Statement of Revenues, Expenditures, and Changes in Fund Balances	9
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	10
Proprietary Fund	
Statement of Net Position	11
Statement of Revenues, Expenses, and Changes in Net Position	12
Statement of Cash Flows	13
Notes to Financial Statements	14 - 25

Required Supplementary Information

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	27
--	----

Other Supplementary Information

Schedule of Governing Board	29
Schedule of Compensation, Benefits, and Other Payments to Agency Head	30

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	31 - 32
--	---------

Schedule of Findings and Responses	33
---	----

Summary Schedule of Prior Audit Findings	34
---	----

Independent Auditor's Report

To the Board of Commissioners
Recreation District No. 14 of St. Tammany Parish
Madisonville, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Recreation District No. 14 of St. Tammany Parish (the District), a component unit of St. Tammany Parish, Louisiana, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of Recreation District No. 14 of St. Tammany Parish as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis 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 (GASB) 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. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 27 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedules of governing board and compensation, benefits, and other payments to agency head, as required by Louisiana Revised Statute (R.S.) 24:513 A(3), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedules of governing board and compensation, benefits, and other payments to agency head are the responsibility of management and were derived from and relate 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 schedules of governing board and compensation, benefits, and other payments to agency head are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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. 14 of St. Tammany Parish's internal control over financial reporting and compliance.



A Professional Accounting Corporation

Covington, LA
June 28, 2021

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

RECREATION DISTRICT NO. 14 OF ST. TAMMANY PARISH
Statement of Net Position
December 31, 2020

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 7,929,927	\$ 335,637	\$ 8,265,564
Receivables - Ad Valorem Taxes, Net of Allowance	3,364,592	-	3,364,592
Receivables - State Revenue Sharing	16,285	-	16,285
Other Assets	16,274	-	16,274
Capital Assets Being Depreciated, Net of Accumulated Depreciation	11,439,137	1,955	11,441,092
Capital Assets Not Being Depreciated	5,893,213	-	5,893,213
Total Assets	28,659,428	337,592	28,997,020
Deferred Outflows of Resources			
Loss on Refunding	253,975	-	253,975
Liabilities			
Accounts Payable	413,297	-	413,297
Accrued Interest	175,129	-	175,129
Capital Lease Payable			
Due Within One Year	16,281	-	16,281
Due in More than One Year	34,580	-	34,580
Certificates of Indebtedness			
Due Within One Year	226,000	-	226,000
Due in More than One Year	2,064,000	-	2,064,000
Bonds Payable			
Due Within One Year	807,000	-	807,000
Due in More than One Year	15,341,122	-	15,341,122
Total Liabilities	19,077,409	-	19,077,409
Net Position			
Net Investment in Capital Assets	4,891,973	1,955	4,893,928
Restricted - Debt Service	2,413,986	-	2,413,986
Unrestricted	2,530,035	335,637	2,865,672
Total Net Position	\$ 9,835,994	\$ 337,592	\$ 10,173,586

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

RECREATION DISTRICT NO. 14 OF ST. TAMMANY PARISH
Statement of Activities
For the Year Ended December 31, 2020

Functional Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities						
Recreation	\$ 2,293,308	\$ -	\$ 119,000	\$ (2,174,308)	\$ -	\$ (2,174,308)
Interest on Long-Term Debt	539,925	-	-	(539,925)	-	(539,925)
Total Governmental Activities	2,833,233	-	119,000	(2,714,233)	-	(2,714,233)
Business-Type Activities						
Recreation	437,764	492,619	-	-	54,855	54,855
Total Business-Type Activities	437,764	492,619	-	-	54,855	54,855
Total	\$ 3,270,997	\$ 492,619	\$ 119,000	(2,714,233)	54,855	(2,659,378)
General Revenues						
Taxes						
Ad Valorem Taxes				3,521,603	-	3,521,603
State Revenue Sharing				24,427	-	24,427
Interest and Investment Earnings				81,259	2,773	84,032
Miscellaneous				96,861	-	96,861
Total General Revenues				3,724,150	2,773	3,726,923
Change in Net Position				1,009,917	57,628	1,067,545
Net Position, Beginning of Year				8,826,077	279,964	9,106,041
Net Position, End of Year				\$ 9,835,994	\$ 337,592	\$ 10,173,586

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

**BASIC FINANCIAL STATEMENTS
FUND FINANCIAL STATEMENTS**

RECREATION DISTRICT NO. 14 OF ST. TAMMANY PARISH
Balance Sheet
Governmental Funds
December 31, 2020

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Assets				
Cash and Cash Equivalents	\$ 649,641	\$ 791,769	\$ 6,488,517	\$ 7,929,927
Receivables - Ad Valorem Taxes, Net	1,731,614	1,632,978	-	3,364,592
Receivables - State Revenue Sharing	16,285	-	-	16,285
Due from Other Funds	291,928	-	-	291,928
Other Assets	16,274	-	-	16,274
Total Assets	\$ 2,705,742	\$ 2,424,747	\$ 6,488,517	\$ 11,619,006
Liabilities				
Accounts Payable	\$ 578	\$ -	\$ 412,719	\$ 413,297
Due to Other Funds	-	10,761	281,167	291,928
Total Liabilities	578	10,761	693,886	705,225
Fund Balances				
Restricted for:				
Debt Service	-	2,413,986	-	2,413,986
Construction	-	-	5,794,631	5,794,631
Unassigned	2,705,164	-	-	2,705,164
Total Fund Balances	2,705,164	2,413,986	5,794,631	10,913,781
Total Liabilities and Fund Balances	\$ 2,705,742	\$ 2,424,747	\$ 6,488,517	

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.	17,332,350
Long-term liabilities, including bonds and capital lease payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(18,488,983)
Losses on refunding are not available to pay for current period expenses and, therefore, are not reported in the funds.	253,975
Accrued interest and expenses associated with long-term liabilities are not reported in the governmental funds.	(175,129)
Net Position of Governmental Activities	\$ 9,835,994

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

RECREATION DISTRICT NO. 14 OF ST. TAMMANY PARISH
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2020

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Revenues				
Ad Valorem Taxes	\$ 1,783,242	\$ 1,738,361	\$ -	\$ 3,521,603
State Revenue Sharing	24,427	-	-	24,427
Rental Income	64,036	-	-	64,036
Advertising Income	11,500	-	-	11,500
Capital Grant	-	-	119,000	119,000
Miscellaneous	21,325	-	-	21,325
Interest and Investment Earnings	12,010	6,842	62,407	81,259
	<u>1,916,540</u>	<u>1,745,203</u>	<u>181,407</u>	<u>3,843,150</u>
Total Revenues				
Expenditures				
Administration	1,324,892	1,800	114,155	1,440,847
Capital Outlay	-	-	2,057,179	2,057,179
Debt Service - Principal	140,643	790,000	400,979	1,331,622
Debt Service - Interest	41,501	499,412	-	540,913
	<u>1,507,036</u>	<u>1,291,212</u>	<u>2,572,313</u>	<u>5,370,561</u>
Total Expenditures				
Excess (Deficiency) of Revenues Over Expenditures				
	<u>409,504</u>	<u>453,991</u>	<u>(2,390,906)</u>	<u>(1,527,411)</u>
Other Financing Sources (Uses)				
Transfer in	71,653	225,000	-	296,653
Transfer out	(225,000)	-	(71,653)	(296,653)
Proceeds from Issuance of Long-Term Debt	-	-	1,000,000	1,000,000
	<u>(153,347)</u>	<u>225,000</u>	<u>928,347</u>	<u>1,000,000</u>
Total Other Financing Sources (Uses)				
Net Change in Fund Balances	256,157	678,991	(1,462,559)	(527,411)
Fund Balances, Beginning of Year	<u>2,449,007</u>	<u>1,734,995</u>	<u>7,257,190</u>	<u>11,441,192</u>
Fund Balances, End of Year	<u>\$ 2,705,164</u>	<u>\$ 2,413,986</u>	<u>\$ 5,794,631</u>	<u>\$ 10,913,781</u>

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

RECREATION DISTRICT NO. 14 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, 2020

Net Change in Fund Balances - Total Governmental Funds	\$	(527,411)
---	-----------	------------------

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 and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.		1,204,719
--	--	-----------

The issuance of long-term debt (e.g., certificates of indebtedness, bonds, capital leases) 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 net position. Also, governmental funds report the effect of 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.		331,621
---	--	---------

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.		988
---	--	-----

Change in Net Position of Governmental Activities	\$	<u>1,009,917</u>
--	-----------	-------------------------

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

RECREATION DISTRICT NO. 14 OF ST. TAMMANY PARISH
Statement of Net Position
Proprietary Fund
December 31, 2020

	Programs Fund
Assets	
Current Assets	
Cash and Cash Equivalents	\$ 335,637
Total Current Assets	<u>335,637</u>
Non-Current Assets	
Capital Assets, Net of Accumulated Depreciation	<u>1,955</u>
Total Non-Current Assets	<u>1,955</u>
Total Assets	<u>337,592</u>
Liabilities	
Accounts Payable	<u>-</u>
Total Liabilities	<u>-</u>
Net Position	
Net Investment in Capital Assets	1,955
Unrestricted	<u>335,637</u>
Total Net Position	<u>\$ 337,592</u>

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

RECREATION DISTRICT NO. 14 OF ST. TAMMANY PARISH
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
For the Year Ended December 31, 2020

	Programs Fund
Operating Revenues	
Registration Fees	\$ 340,827
Concessions	77,389
Other	74,403
	<hr/>
Total Operating Revenues	492,619
	<hr/>
Operating Expenses	
Sports Program Expenses	175,592
Officials, Coaches, and Scorers	101,926
Uniforms	69,463
Concessions	67,039
Sports Equipment	15,846
Awards	4,662
Payroll and Benefits	2,690
Depreciation	546
	<hr/>
Total Operating Expenses	437,764
	<hr/>
Net Operating Income	54,855
	<hr/>
Other Revenues (Expenses)	
Interest Income	2,773
	<hr/>
Total Other Revenues (Expenses)	2,773
	<hr/>
Change in Net Position	57,628
	<hr/>
Net Position, Beginning of Year	279,964
	<hr/>
Net Position, End of Year	\$ 337,592
	<hr/> <hr/>

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

RECREATION DISTRICT NO. 14 OF ST. TAMMANY PARISH
Statement of Cash Flows
Proprietary Fund
For the Year Ended December 31, 2020

	Programs Fund
Cash Flows from Operating Activities	
Receipts from Customers	\$ 492,619
Payments for Goods and Services	<u>(441,255)</u>
Net Cash Provided by Operating Activities	<u>51,364</u>
Cash Flows from Investing Activities	
Interest Received	<u>2,773</u>
Net Cash Provided by Investing Activities	<u>2,773</u>
Net Increase in Cash and Cash Equivalents	54,137
Cash and Cash Equivalents, Beginning of Year	<u>280,954</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 335,091</u></u>
Reconciliation of Net Operating Income to Net Cash Provided by Operating Activities	
Net Operating Income	\$ 54,855
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities	
Depreciation	546
Changes in Assets and Liabilities	
Decrease in Accounts Payable	<u>(3,491)</u>
Net Cash Provided by Operating Activities	<u><u>\$ 51,910</u></u>

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

RECREATION DISTRICT NO. 14 OF ST. TAMMANY PARISH

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

The mission of Recreation District No. 14 of St. Tammany Parish (the District) is to acquire, construct, operate, and maintain recreation facilities in the area of St. Tammany Parish which includes Madisonville, Louisiana. The accounting and reporting policies of the District conform to accounting principles generally accepted in the United States of America applicable to government entities. The following is a summary of significant accounting policies.

Reporting Entity

The District was created in 1999, by Ordinance 3017 of St. Tammany Parish (the Parish). The District is governed by a Board of Commissioners, which is appointed by the Parish. The District consists of seven Commissioners who serve staggered terms.

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14, as amended, established criteria for determining which component units should be considered part of St. Tammany Parish for financial reporting purposes. The basic criterion for including a potential component unit with the reporting entity is financial accountability.

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.

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 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.

RECREATION DISTRICT NO. 14 OF ST. TAMMANY PARISH

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

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.

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 and for the proprietary 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 and proprietary. 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 its total assets, liabilities, revenues, or expenditures are at least 10 percent of the corresponding total for all governmental and proprietary funds and at least 5 percent of the aggregate amount for all governmental and proprietary 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 proceeds of ad valorem taxes of 4.47 mills restricted for periodic payments of principal and interest on general long-term debt.

Capital Projects Fund - The Capital Projects Fund accounts for the proceeds of the 2011 certificates of indebtedness and the 2004, 2006, 2008, 2010, 2014, and 2016 general obligation bonds, which will be used for the purchase of land and construction of facilities.

RECREATION DISTRICT NO. 14 OF ST. TAMMANY PARISH

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

Fund Financial Statements (Continued)

The District reports one major proprietary fund - the Programs Fund. The fund accounts for registration fees for youth and adult sports and the related expenses of providing sports activities including uniforms, officials and scorers, and equipment. The fund also accounts for sale of concessions, goods, admissions, and their related costs from all facilities' concession stands.

Measurement Focus / Basis of Accounting

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.

The government-wide financial statements are accounted for using an economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements.

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. Ad valorem taxes and state revenue sharing associated with the current fiscal period are all considered to be susceptible to accrual and, so, have been recognized as revenues of the current fiscal period.

Cash and 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. 14 OF ST. TAMMANY PARISH

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Cash and 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 value. At December 31, 2020, the District has no investments.

Receivables

All receivables are reported net of estimated uncollectible amounts. The allowance for uncollectibles is \$183,101, which represents 5% of the total ad valorem tax receivable at December 31, 2020. 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 and proprietary fund financial statements. Depreciation of all exhaustible capital assets is charged as an expense against their operations. In the governmental 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 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:

Park, Fields, and Grounds	15 - 40 Years	Straight-Line
Furniture, Fixtures, and Equipment	5 - 15 Years	Straight-Line

Depreciation expense for the year ended December 31, 2020 amounted to \$852,460 for the governmental activities and \$546 for the business-type activities.

Internal Transactions

Outstanding balances between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds."

Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until then. The District has only one item that qualifies for reporting in this category, a deferred amount on bond refunding.

RECREATION DISTRICT NO. 14 OF ST. TAMMANY PARISH

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Long-Term Debt

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the lives of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as other financing uses.

Defining Operating Revenues and Expenses

The District's proprietary fund distinguishes between operating and non-operating revenues and expenses. Operating revenues and expenses consist of charges for sports league registration, concessions, and admissions, and the costs of providing those services, including depreciation. All other revenues and expenses are reported as non-operating.

Equity Classifications

In accordance with GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended, net position is classified into three components: net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows:

Net Investment in Capital Assets - This component of net position consists of the historical cost of capital assets, including any restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets, plus deferred outflows of resources, less deferred inflows of resources, related to those assets.

Restricted - This component of net position consists of assets that have constraints that are externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted - All other net position is reported in this category.

RECREATION DISTRICT NO. 14 OF ST. TAMMANY PARISH

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Equity Classifications (Continued)

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

1. Restricted Fund Balance - Amounts that can be spent only for specific purposes because of enabling legislation or externally imposed conditions by grantors, creditors, or citizens.
2. 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 are available, the District's policy is to apply restricted net position/fund balance 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.

Recently Issued Accounting Principles - Adopted

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The objective of GASB 84 is to enhance the consistency and comparability of fiduciary activity reporting in state and local governments. The Statement establishes standards of accounting and financial reporting for fiduciary activities. The District implemented GASB 84, effective January 1, 2020, with no impact on the financial statements.

In March 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The objective of GASB 88 is to improve consistency in information that is disclosed in notes to government financial statements related to debt and to provide financial statement users with additional essential information about debt. The District implemented GASB 88, effective January 1, 2020, and has adjusted the presentation of these financial statements accordingly.

Recently Issued Accounting Principles - Not Yet Adopted

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of GASB 87 is to better meet the information needs of the financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

RECREATION DISTRICT NO. 14 OF ST. TAMMANY PARISH

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Recently Issued Accounting Principles - Not Yet Adopted (Continued)

Management is still evaluating the potential impact of adoption on the District's financial statements. Implementation of the requirements of this statement have been delayed, and the guidance will be effective for reporting periods beginning after June 15, 2021.

Note 2. Cash and Cash Equivalents

Cash and cash equivalents at December 31, 2020 consisted of demand deposits with a carrying value of \$8,265,564 and a bank balance of \$8,299,214. These deposits are stated at cost which approximates market.

Custodial Credit Risk - Deposits

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.

At December 31, 2020, the District had \$8,297,318 in deposits (collected bank balances). These deposits are secured from risk by federal deposit insurance and \$9,400,000 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

Note 3. Ad Valorem Taxes

Ad valorem taxes to fund the operations and 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 2020. Taxes are due and payable December 31st of the year levied.

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

	Authorized	Levied
Construction, Operation, and Maintenance of Facilities	5.00	4.93
Payment of General Obligation Bonds	7.65	4.47

RECREATION DISTRICT NO. 14 OF ST. TAMMANY PARISH

Notes to Financial Statements

Note 4. Capital Assets

Capital assets activity for the year ended December 31, 2020 was as follows for the governmental activities:

Governmental Activities	Beginning Balance	Increases	Transfers	Ending Balance
Capital Assets Not Being Depreciated				
Land	\$ 2,775,119	\$ -	\$ -	\$ 2,775,119
Construction in Progress	3,343,661	2,057,179	(2,282,746)	3,118,094
Total Capital Assets Not Being Depreciated	6,118,780	2,057,179	(2,282,746)	5,893,213
Capital Assets Being Depreciated				
Recreational Facilities	15,182,853	-	2,282,746	17,465,599
Equipment	1,447,289	-	-	1,447,289
Total Capital Assets Being Depreciated	16,630,142	-	2,282,746	18,912,888
Less Accumulated Depreciation for:				
Recreational Facilities	(5,974,212)	(728,833)	-	(6,703,045)
Equipment	(647,079)	(123,627)	-	(770,706)
Total Accumulated Depreciation	(6,621,291)	(852,460)	-	(7,473,751)
Total Capital Assets Being Depreciated - Net	10,008,851	(852,460)	2,282,746	11,439,137
Capital Assets - Net	\$ 16,127,631	\$ 1,204,719	\$ -	\$ 17,332,350

Capital assets activity for the year ended December 31, 2020 was as follows for the business-type activities:

Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Being Depreciated				
Equipment	\$ 8,185	\$ -	\$ -	\$ 8,185
Less Accumulated Depreciation for:				
Equipment	(5,684)	(546)	-	(6,230)
Total Capital Assets Being Depreciated - Net	\$ 2,501	\$ (546)	\$ -	\$ 1,955

RECREATION DISTRICT NO. 14 OF ST. TAMMANY PARISH

Notes to Financial Statements

Note 5. Long-Term Debt

The following is a summary of long-term debt of the District for the year ended December 31, 2020:

\$4,150,000 General Obligation Bonds dated March 11, 2014; balance due in annual principal installments, starting April 1, 2017, of \$90,000 - \$325,000, plus semi-annual interest payments through April 1, 2034, with interest at 1.5% to 3.75%.	\$ 3,685,000
\$5,517,000 General Obligation Refunding Bonds dated December 2016; balance due in annual principal installments, starting April 1, 2017, of \$92,000 - \$590,000, plus semi-annual interest payments through April 1, 2029, with interest at 1.7%.	4,201,000
\$7,800,000 General Obligation Bonds dated January 23, 2018; balance due in annual principal installments, starting March 1, 2020, of \$55,000 - \$1,075,000, plus semi-annual interest payments through March 1, 2038, with interest at 3% to 4%.	7,710,000
\$1,425,000 Limited Tax Certificates of Indebtedness dated September 2018; balance due in annual principal installments, starting March 1, 2019, of \$10,000 - \$160,000, plus semi-annual interest payments through March 1, 2029, with interest at 3%.	1,290,000
\$1,000,000 Limited Tax Certificates of Indebtedness dated February 2020; balance due in annual principal installments, starting March 1, 2021, of \$101,000 - \$122,000, plus semi-annual interest payments through March 1, 2029, with interest ranging from 0.913% to 1.826%.	<u>1,000,000</u>
Total	17,886,000
Premium	<u>552,122</u>
Total Long-Term Debt	<u><u>\$ 18,438,122</u></u>

RECREATION DISTRICT NO. 14 OF ST. TAMMANY PARISH

Notes to Financial Statements

Note 5. Long-Term Debt (Continued)

The following is a summary of debt transactions of the District for the year ended December 31, 2020:

	General Obligation Bonds	Certificates of Indebtedness	Total
Payable at January 1, 2020	\$ 16,386,000	\$ 1,415,000	\$ 17,801,000
Issued	-	1,000,000	1,000,000
Retired	(790,000)	(125,000)	(915,000)
Payable at December 31, 2020	\$ 15,596,000	\$ 2,290,000	\$ 17,886,000
Due Within One Year	\$ 807,000	\$ 226,000	\$ 1,033,000

General obligation bonds are secured by an annual ad valorem tax levy. In accordance with Louisiana Revised Statute 39:562, the District is legally restricted from incurring long-term bonded debt in excess of 10% of the assessed value of taxable property in the District. At December 31, 2020, the District had not exceeded this statutory limit.

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

Year Ending December 31,	General Obligation Bonds		Certificates of Indebtedness		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 807,000	\$ 476,258	\$ 226,000	\$ 52,004	\$ 1,033,000	\$ 528,262
2022	823,000	460,693	233,000	46,569	1,056,000	507,262
2023	838,000	444,658	241,000	40,930	1,079,000	485,588
2024	856,000	427,748	248,000	35,107	1,104,000	462,855
2025	873,000	410,144	256,000	29,088	1,129,000	439,232
2026 - 2030	3,899,000	1,764,133	1,086,000	52,827	4,985,000	1,816,960
2031 - 2035	4,405,000	1,063,294	-	-	4,405,000	1,063,294
2036 - 2038	3,095,000	189,100	-	-	3,095,000	189,100
Total	\$ 15,596,000	\$ 5,236,028	\$ 2,290,000	\$ 256,525	\$ 17,886,000	\$ 5,492,553

RECREATION DISTRICT NO. 14 OF ST. TAMMANY PARISH

Notes to Financial Statements

Note 6. Capital Lease

In 2018, the District entered into an agreement to lease a skid loader. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of its inception. The lease requires monthly payments of \$1,501 through December 2023.

The total cost of the assets recorded under capital lease was \$81,534, with accumulated depreciation of \$33,973, at December 31, 2020. Amortization expense of the leased assets for the year ended December 31, 2020 was \$16,307 and has been included in depreciation expense.

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2020 were as follows:

Year Ending December 31,	Amount
2021	\$ 18,019
2022	18,019
2023	18,019
Total Minimum Lease Payments	54,057
Less: Amount Representing Interest	3,196
Present Value of Minimum Lease Payments	\$ 50,861
Due Within One Year	\$ 16,281

Note 7. Uncertainty

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.

Additionally, it is reasonably possible that estimates made in the financial statements have been, or will be, materially and adversely impacted in the near-term as a result of these conditions

RECREATION DISTRICT NO. 14 OF ST. TAMMANY PARISH

Notes to Financial Statements

Note 8. 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, 2020, 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 9. 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.

Note 10. Subsequent Events

In May 2021, the District issued \$10,200,000 of General Obligation Bonds, Series 2021 for the purpose of purchasing, acquiring, construction, and improving parks, playgrounds, recreation centers, and other recreational facilities.

REQUIRED SUPPLEMENTARY INFORMATION

RECREATION DISTRICT NO. 14 OF ST. TAMMANY PARISH
Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual - General Fund
For the Year Ended December 31, 2020

	Budget		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Ad Valorem Taxes	\$ 1,546,818	\$ 1,546,818	\$ 1,783,242	\$ 236,424
State Revenue Sharing	23,000	23,000	24,427	1,427
Rental Income	75,000	75,000	64,036	(10,964)
Advertising Income	45,000	45,000	11,500	(33,500)
Miscellaneous	188,000	188,000	21,325	(166,675)
Interest and Investment Earnings	10,000	10,000	12,010	2,010
Total Revenues	1,887,818	1,887,818	1,916,540	28,722
Expenditures				
Administration	1,567,501	1,567,501	1,324,892	242,609
Capital Outlay	3,345	3,345	-	3,345
Debt Service - Principal	125,000	125,000	140,643	(15,643)
Debt Service - Interest	191,972	191,972	41,501	150,471
Total Expenditures	1,887,818	1,887,818	1,507,036	380,782
Excess (Deficiency) of Revenues Over Expenditures	-	-	409,504	409,504
Other Financing Sources (Uses)				
Transfer in	-	-	71,653	71,653
Transfer out	-	-	(225,000)	(225,000)
Total Other Financing Sources (Uses)	-	-	(153,347)	(153,347)
Net Change in Fund Balance	\$ -	\$ -	256,157	\$ 256,157
Fund Balance, Beginning of Year			2,449,007	
Fund Balance, End of Year			\$ 2,705,164	

OTHER SUPPLEMENTARY INFORMATION

RECREATION DISTRICT NO. 14 OF ST. TAMMANY PARISH
Schedule of Governing Board
For the Year Ended December 31, 2020

<u>Board of Commissioners</u>	<u>Compensation</u>
Chuck Daniel 15100 Dendinger Lane Covington, LA 70433	\$ -0-
Arthur J. Davis 800 Signet Court Covington, LA 70435	-0-
Kenneth Dutruch 76397 Highway 1077 Folsom, LA 70437	-0-
Lloyd Ostendorf, Jr. 213 Highway 21 Madisonville, LA 70447	-0-
David Pittman 106 Post Oak Madisonville, LA 70447	-0-
Joseph Prisco, Jr. 512 Tyler Street Covington, LA 70433	-0-
David Stein 510 Joe Stein Road Madisonville, LA 70447	-0-

See independent auditor's report.

RECREATION DISTRICT NO. 14 OF ST. TAMMANY PARISH
Schedule of Compensation, Benefits, and Other Payments
to Agency Head
For the Year Ended December 31, 2020

Agency Head
Richard Bentley-Smith, Executive Director

Purpose	Amount
Salary	\$82,500
Benefits - Insurance	\$0
Benefits - Retirement	\$0
Benefits - Other	\$50
Reimbursements	\$1,200
Travel	\$417
Registration Fees	\$250
Conference Travel	\$132
Continuing Professional Education Fees	\$1,695
Miscellaneous Expenses	\$65
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. 14 of St. Tammany Parish
Madisonville, 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, the business-type activities, and each major fund of Recreation District No. 14 of St. Tammany Parish (the District), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 28, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing 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 financial statements. 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 result 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 that reads "LaForte".

A Professional Accounting Corporation

Covington, LA
June 28, 2021

RECREATION DISTRICT NO. 14 OF ST. TAMMANY PARISH
Schedule of Findings and Responses
For the Year Ended December 31, 2020

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? | No |
| d. Other matter identified? | No |

Federal Awards

Not applicable.

Part II - Findings Related to the Financial Statements

None.

Part III - Compliance and Other Matters

None.

RECREATION DISTRICT NO. 14 OF ST. TAMMANY PARISH
Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2020

None.