

**RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH**

**FINANCIAL STATEMENTS**

**AS OF AND FOR THE YEAR ENDED**

**DECEMBER 31, 2022**



**ERICKSEN KRENTEL**<sup>LLP</sup>  
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

**TABLE OF CONTENTS**

|  | <b><u>EXHIBIT</u></b> | <b><u>PAGE</u></b> |
|--|-----------------------|--------------------|
| <b><u>FINANCIAL SECTION</u></b>  |                       |                    |
| <u>INDEPENDENT AUDITORS' REPORT</u> .....  |                       | 1 – 4              |
| <u>REQUIRED SUPPLEMENTARY INFORMATION:</u>   |                       |                    |
| Management’s Discussion and Analysis (Unaudited).....  |                       | 5 – 10             |
| <u>BASIC FINANCIAL STATEMENTS:</u>   |                       |                    |
| <u>GOVERNMENTAL-WIDE FINANCIAL STATEMENTS (GWFS)</u>   |                       |                    |
| Statement of Net Position.....   | A                     | 11                 |
| Statement of Activities .....  | B                     | 12                 |
| <u>FUND FINANCIAL STATEMENTS (FFS)</u>   |                       |                    |
| Governmental Funds:  |                       |                    |
| Balance Sheet –Governmental Funds.....   | C                     | 13                 |
| Reconciliation of the Governmental Funds Balance Sheet to the<br>Statement of Net Position .....   | D                     | 14                 |
| Statement of Revenues, Expenditures, and Changes in Fund Balance .....   | E                     | 15                 |
| Reconciliation of the Statement of Revenues, Expenditures, and<br>Change in Fund Balances of the Governmental Fund to the<br>Statement of Activities ..... | F                     | 16                 |
| Statement of Net Position – Proprietary Funds .....  | G                     | 17                 |
| Statement of Revenues, Expenses, and Changes in Net Position –<br>Proprietary Funds .....  | H                     | 18                 |
| Statement of Cash Flows—Proprietary Funds .....  | I                     | 19                 |
| NOTES TO FINANCIAL STATEMENTS .....  |                       | 20 – 40            |
| <u>REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN<br/>MANAGEMENT’S DISCUSSION AND ANALYSIS:</u>   |                       |                    |
| <b><u>SCHEDULE</u></b>   |                       |                    |
| Schedule of Revenues, Expenditures, and Change in Fund Balance –<br>Budget to Actual – General Fund .....  | 1                     | 41                 |
| Schedule of Proportionate Share of the Net Pension Liability .....   | 2                     | 42                 |

|  | <u>SCHEDULE</u> | <u>PAGE</u> |
|--|-----------------|-------------|
| Schedule of Contributions to Defined Benefit Pension Plan .....  | 3               | 43          |
| <u>OTHER SUPPLEMENTARY INFORMATION</u>   |                 |             |
| Schedule of Compensation Paid to Governing Board.....  | 4               | 44          |
| Schedule of Compensation, Benefits, and Other Payments to Agency<br>Head .....   | 5               | 45          |
| Independent Auditors' Report on Internal Control Over Financial Reporting and<br>On Compliance and Other Matters Based on Audit of the Financial Statements<br>Performed in Accordance with <i>Government Auditing Standards</i> ..... |                 | 46 – 47     |
| Schedule of Findings and Responses .....   |                 | 48          |
| Schedule of Prior Year Findings .....  |                 | 49          |



## **INDEPENDENT AUDITORS' REPORT**

To the Board of Commissioners  
Recreation District No.1 of St. Tammany Parish  
Mandeville, Louisiana

### ***Opinions***

We have audited the accompanying financial statements of the governmental activities and each major fund of Recreation District No.1 of St. Tammany Parish, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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.1 of St. Tammany Parish, as of December 31, 2022, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Responsibilities of Management for the Financial Statement***

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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



To the Board of Commissioners  
Recreation District No.1 of St. Tammany Parish  
May 25, 2023

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



To the Board of Commissioners  
Recreation District No.1 of St. Tammany Parish  
May 25, 2023

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of proportionate share of the net pension liability, and schedule of contributions to defined benefit pension plan be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise of the District's basic financial statements. The schedules of compensation paid to governing board and compensation, benefits, and other payments to agency head are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such 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. The 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 compensation paid to governing board and compensation, benefits, and other payments to agency head, in all material respects, in relation to the basic financial statements as a whole.



**ERICKSEN KRENTEL** LLP

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

To the Board of Commissioners  
Recreation District No.1 of St. Tammany Parish  
May 25, 2023

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2023 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 *Government Auditing Standards* in considering the Recreation District No. 1 of St. Tammany Parish's internal control over financial reporting and compliance.

May 25, 2023  
Mandeville, Louisiana

*Ericksen Krentel, LLP*  
Certified Public Accountants

**REQUIRED SUPPLEMENTARY INFORMATION (PART 1)**



**RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)**  
DECEMBER 31, 2022

This section of Recreation District No. 1 of St. Tammany Parish’s (the District) financial report presents discussion and analysis of the District’s financial performance during the year ended December 31, 2022. Please read it in conjunction with the District’s financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

Assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources on December 31, 2022 by \$27,809,830 (net position). The District’s net position has increased by \$689,412, or 2.54%, in comparison with the prior fiscal year.

As of the close of the current fiscal year, the District’s governmental funds reported combined ending fund balances of \$6,380,248, a decrease of \$1,589,802 in comparison with the prior fiscal year. This amount includes \$1,114,498 in the District’s Debt Service Fund restricted for future debt requirements and \$196,545 not in spendable form. The remaining \$4,177,301 is the funding for the budget year 2023 for the operations and maintenance (O&M) in the General Fund. The General Fund/O&M is the account that pays for daily operations of the park, staffing, insurances, utilities, supplies, field and building equipment, turf supplies, etc.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial statement focus is on both the District as a whole and on the major individual funds. Both perspectives (government-wide and major funds) allow the user to address relevant questions, broaden a basis for comparison, and enhance the District’s accountability. The statements then proceed to provide an increasingly detailed look at specific financial activities.

Management’s Discussion and Analysis (MD&A) serves as an introduction to the basic financial statements. The District’s basic financial statements are comprised of three components: government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

**Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the District’s finances, in a manner similar to private-sector business. These financial statements are reported using the full accrual accounting method. Additionally, these statements combine governmental funds’ current financial resources with capital assets and long-term obligations.

The statement of net position presents information on all of the District’s assets and liabilities and deferred inflows/outflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

**RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)**  
DECEMBER 31, 2022

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Government-Wide Financial Statements (Continued)**

The statement of activities presents information showing how the District’s net position changed during the most recent fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the District’s activities upon general revenues - property taxes provided by the District’s taxpayers.

**Fund Financial Statements**

A fund is an accountability unit used to maintain control over resources segregated for specific activities. The District uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the District’s most significant funds rather than the District as a whole. The fund financial statements are reported using the modified accrual basis of accounting.

**Notes to Financial Statements**

The notes to the financial statements provide required disclosures essential to the understanding of the financial statements. The notes present information about the District’s accounting policies, significant account balances and activities, commitments, contingencies, and, if any, significant events.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. The District’s assets exceeded liabilities by \$27,809,830 at the close of the most recent fiscal year.

The following table reflects the condensed statements of net position for 2022 and 2021:

|                                       | <u>Governmental Activities</u> |                      | <u>Business-Type Activities</u> |                  | <u>Total Government</u> |                      |
|---------------------------------------|--------------------------------|----------------------|---------------------------------|------------------|-------------------------|----------------------|
|                                       | 2022                           | 2021                 | 2022                            | 2021             | 2022                    | 2021                 |
| <b>Assets</b>                         |                                |                      |                                 |                  |                         |                      |
| Current and Other Assets              | \$ 6,938,563                   | \$ 7,911,196         | \$ 114,641                      | \$ 96,523        | \$ 7,053,204            | \$ 8,007,719         |
| Restricted Assets                     | 14,405                         | 640,346              | -                               | -                | 14,405                  | 640,346              |
| Capital Assets, Net                   | 24,698,295                     | 23,793,898           | -                               | -                | 24,698,295              | 23,793,898           |
| <b>Total Assets</b>                   | <b>31,651,263</b>              | <b>32,345,440</b>    | <b>114,641</b>                  | <b>96,523</b>    | <b>31,765,904</b>       | <b>32,441,963</b>    |
| <b>Deferred Outflows of Resources</b> | <b>366,895</b>                 | <b>505,409</b>       | <b>10,675</b>                   | <b>14,126</b>    | <b>377,570</b>          | <b>519,535</b>       |
| <b>Liabilities</b>                    |                                |                      |                                 |                  |                         |                      |
| Current Liabilities                   | 1,478,664                      | 1,525,489            | 7,810                           | 29,486           | 1,486,474               | 1,554,975            |
| Long-Term Liabilities                 | 1,740,767                      | 3,368,799            | (35,026)                        | (12,732)         | 1,705,741               | 3,356,067            |
| <b>Total Liabilities</b>              | <b>3,219,431</b>               | <b>4,894,288</b>     | <b>(27,216)</b>                 | <b>16,754</b>    | <b>3,192,215</b>        | <b>4,911,042</b>     |
| <b>Deferred Inflows of Resources</b>  | <b>1,108,543</b>               | <b>903,569</b>       | <b>32,886</b>                   | <b>26,469</b>    | <b>1,141,429</b>        | <b>930,038</b>       |
| <b>Net Position</b>                   |                                |                      |                                 |                  |                         |                      |
| Net Investment in Capital Assets      | 19,988,295                     | 21,623,825           | -                               | -                | 19,988,295              | 21,623,825           |
| Restricted                            | 3,710,000                      | 2,367,230            | -                               | -                | 3,710,000               | 2,367,230            |
| Unrestricted                          | 3,991,889                      | 3,061,937            | 119,646                         | 67,426           | 4,111,535               | 3,129,363            |
| <b>Total Net Position</b>             | <b>\$ 27,690,184</b>           | <b>\$ 27,052,992</b> | <b>\$ 119,646</b>               | <b>\$ 67,426</b> | <b>\$ 27,809,830</b>    | <b>\$ 27,120,418</b> |

**RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
DECEMBER 31, 2022**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**

The largest portion of the District's net position (71.9%) as of December 31, 2022 reflects the net investment in capital assets (buildings, infrastructure, machinery, and equipment). The District uses these assets to provide services to the public; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The second largest portion of the District's net position (13.3%) as of December 31, 2022 is unrestricted. The unrestricted net position of \$3,710,000 includes the funding for operations, capital improvement projects, staffing, insurances, utilities, etc. All of these funds have been assigned to specific projects or budgeted for subsequent year operations by the Board of Commissioners.

The remaining portion of the District's net position of \$4,111,535 (14.8%) as of December 31, 2022 represents resources that are subject to external restrictions. These funds can only be used for debt service payments incurred and approved by the voters to repay the loans to develop and build aspects of Pelican Park, which is owned and operated by the District.

The District's current ratio compares the current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratios at year-end are as follows:

| <b>Year Ended<br/>December 31,</b> | <b>Ratio</b> |
|------------------------------------|--------------|
| 2022                               | 4.75 to 1    |
| 2021                               | 5.56 to 1    |
| 2020                               | 6.33 to 1    |
| 2019                               | 6.49 to 1    |
| 2018                               | 9.57 to 1    |

The District has a net investment in capital assets to provide services for its taxpayers as a portion of total net position as follows:

| <b>Year Ended<br/>December 31,</b> | <b>Percent</b> |
|------------------------------------|----------------|
| 2022                               | 71.9%          |
| 2021                               | 79.7%          |
| 2020                               | 70.3%          |
| 2019                               | 66.5%          |
| 2018                               | 56.6%          |

**RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
DECEMBER 31, 2022**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**

The following table provides a summary of the changes in net position for the year ended December 31, 2022, with comparative figures for 2021:

| <b>RECREATION DISTRICT NO.1 OF ST. TAMMANY PARISH</b>   |  |                      |  |                  |                                |                      |
|---|--|----------------------|--|------------------|--------------------------------|----------------------|
| <b>STATEMENT OF ACTIVITIES</b>                          |  |                      |  |                  |                                |                      |
| <b>FOR THE YEARS ENDED DECEMBER 31, 2022 &amp; 2021</b> |  |                      |  |                  |                                |                      |
|   | <b><u>GOVERNMENTAL ACTIVITIES:</u></b> |                      | <b><u>BUSINESS-TYPE ACTIVITIES</u></b> |                  | <b><u>TOTAL GOVERNMENT</u></b> |                      |
|   | 2022                                   | 2021                 | 2022                                   | 2021             | 2022                           | 2021                 |
| <b><u>REVENUES</u></b>                                  |  |                      |  |                  |                                |                      |
| Program Revenues  |  |                      |  |                  |                                |                      |
| Charges of Services                                     | \$ 407,245                             | \$ 217,865           | \$ 750,879                             | \$ 598,539       | \$ 1,158,124                   | \$ 816,404           |
| Operating Grants and Contributions                      | 20,724                                 | 20,844               | 615                                    | 610              | 21,339                         | 21,454               |
| General Revenues  |  |                      |  |                  |                                |                      |
| Ad valorem taxes  | 4,520,298                              | 4,660,845            | -                                      | -                | 4,520,298                      | 4,660,845            |
| State Appropriations                                    | 258,825                                | 109,314              | -                                      | -                | 258,825                        | 109,314              |
| Other Income  | 279,286                                | 195,948              | (479)                                  | 584              | 278,807                        | 196,532              |
| State Revenue Sharing                                   | 61,747                                 | 62,161               | -                                      | -                | 61,747                         | 62,161               |
| Endorsements  | 25,075                                 | 24,842               | -                                      | -                | 25,075                         | 24,842               |
| Donations   | 10,000                                 | -                    | -                                      | -                | 10,000                         | -                    |
| Insurance proceeds                                      | 289,231                                | -                    | -                                      | -                | 289,231                        | -                    |
| Gains (Loss) on sales of assets                         | (363,064)                              | 587,741              | -                                      | -                | (363,064)                      | 587,741              |
| Earnings on Investments                                 | 46,377                                 | 3,500                | 651                                    | 17               | 47,028                         | 3,517                |
| <b>Total Revenues</b>                                   | <b>5,555,744</b>                       | <b>5,883,060</b>     | <b>751,666</b>                         | <b>599,750</b>   | <b>6,307,410</b>               | <b>6,482,810</b>     |
| <b><u>EXPENSES</u></b>                                  |  |                      |  |                  |                                |                      |
| Recreation  | 4,879,520                              | 4,836,393            | -                                      | -                | 4,879,520                      | 4,836,393            |
| Debt Service Interest and Fees                          | 85,032                                 | 71,389               | -                                      | -                | 85,032                         | 71,389               |
| Sports  | -                                      | -                    | 465,253                                | 382,613          | 465,253                        | 382,613              |
| Enterprise  | -                                      | -                    | 188,193                                | 154,693          | 188,193                        | 154,693              |
| <b>Total Expenses</b>                                   | <b>4,964,552</b>                       | <b>4,907,782</b>     | <b>653,446</b>                         | <b>537,306</b>   | <b>5,617,998</b>               | <b>5,445,088</b>     |
| Excess before transfers                                 | 591,192                                | 975,278              | 98,220                                 | 62,444           | 689,412                        | 1,037,722            |
| Transfers   | 46,000                                 | 85,000               | (46,000)                               | (85,000)         | -                              | -                    |
| Change in net position                                  | 637,192                                | 1,060,278            | 52,220                                 | (22,556)         | 689,412                        | 1,037,722            |
| Net position - beginning of year                        | 27,052,992                             | 25,992,714           | 67,426                                 | 89,982           | 27,120,418                     | 26,082,696           |
| Net position - ending of year                           | <b>\$ 27,690,184</b>                   | <b>\$ 27,052,992</b> | <b>\$ 119,646</b>                      | <b>\$ 67,426</b> | <b>\$ 27,809,830</b>           | <b>\$ 27,120,418</b> |

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds**

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, the unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

**RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
DECEMBER 31, 2022

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

**Governmental funds (Continued)**

At the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$6,380,248, a decrease of \$1,589,802 in comparison with the prior year balance of \$7,970,050.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, assigned fund balance of the General Fund was \$4,373,846, or 68.5% of the total governmental fund balance of \$6,380,248. The General Fund increased by \$334,577 for the year ended December 31, 2022.

The Debt Service Fund had a decrease in fund balance of \$276,356, as a result of debt service payments exceeding ad valorem taxes collected.

**Proprietary Funds**

The District's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The two proprietary funds are the Sports Fund and the Enterprise Fund.

The largest sources of proprietary income are from sports registration fees and concessions and vending, totaling \$500,064 and \$250,815, respectively. The change in net position for these two proprietary funds is consistent with prior years as excess income is transferred to the General Fund.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The Louisiana Local Government Budget Act requires that the District adopt budget amendments whenever revenue collections fail to meet projections by more than 5%; or when actual projected expenditures exceed budgeted expenditures by more than 5%; or when actual beginning fund balance fails to meet estimated beginning fund balance by more than 5% if fund balance is being used to fund current year expenditures.

**LONG-TERM DEBT**

The District had \$2,835,000 in current and long-term general obligation bonds and \$875,000 in certificates of indebtedness as of December 31, 2022. The general obligation bonds are secured by an ad valorem tax levy. The District retired \$1,000,000 of its debt in 2022.

**CAPITAL ASSETS**

The District's investment in capital assets for its governmental activities as of December 31, 2022 amounts to \$24,698,295, net of accumulated depreciation. This investment in capital assets includes construction in progress, buildings, parking lots, fields, trails, pathways, vehicles, roads, well, water, and sewer, and equipment.

**RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH  
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)  
DECEMBER 31, 2022**

**CAPITAL ASSETS (CONTINUED)**

Major capital assets completed or in progress during the current fiscal year included the following:

|                          |           |
|--------------------------|-----------|
| Buildings                | \$ 38,103 |
| Fields                   | 84,534    |
| Trails and Pathways      | 4,830     |
| Motor Vehicles           | 64,227    |
| Construction in Progress | 2,191,865 |
| Equipment                | 69,461    |

**ECONOMIC FACTORS AND NEXT YEAR’S BUDGET**

The District considered many factors when setting the operating budget for its general fund for the year ending December 31, 2023. The District is expecting the amount of revenue and expenditures to increase by \$564,423 compared to the prior year. Therefore, for next year, anticipated revenues will be approximately \$4,964,000, while anticipated expenditures will be approximately \$4,964,000. Therefore, the total governmental fund balance is expected to increase by \$564,423 from prior year.

**CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens and taxpayers with a general overview for the funds maintained by the Recreation District No. 1 of St. Tammany Parish and to show the accountability for the money it receives. If you have any questions or need additional information, contact Recreation District No. 1 of St. Tammany Parish, Finance Department, 63350 Pelican Drive, Mandeville, LA 70448.

## **BASIC FINANCIAL STATEMENTS**

**RECREATION DISTRICT NO.1 OF ST. TAMMANY PARISH**  
**STATEMENT OF NET POSITION**  
AS OF DECEMBER 31, 2022

| <u><b>ASSETS:</b></u>                                     | <u><b>Governmental<br/>Activities</b></u> | <u><b>Business Type<br/>Activities</b></u> | <u><b>Total</b></u>      |
|---|---|--|--------------------------|
| Cash and cash equivalents                                 | \$ 427,126                                | \$ 105,275                                 | \$ 532,401               |
| Restricted cash   | 14,405                                    | -  | 14,405                   |
| Investments   | 1,911,051                                 | -  | 1,911,051                |
| Inventory   | -   | 3,247                                      | 3,247                    |
| Receivables   |   |  |                          |
| Ad valorem  | 4,367,599                                 | -  | 4,367,599                |
| State revenue sharing                                     | 9,459                                     | -  | 9,459                    |
| Other   | 9,931                                     | -  | 9,931                    |
| Due from other funds                                      | 16,852                                    | 6,119                                      | 22,971                   |
| Prepaid expenses  | 196,545                                   | -  | 196,545                  |
| Capital assets, net accumulated depreciation              | <u>24,698,295</u>                         | <u>-</u>                                   | <u>24,698,295</u>        |
| <br>Total assets  | <br><u>31,651,263</u>                     | <br><u>114,641</u>                         | <br><u>31,765,904</u>    |
| <br><u><b>DEFERRED OUTFLOWS OF RESOURCES:</b></u>         |   |  |                          |
| Deferred outflows on pension obligation                   | 359,635                                   | 10,675                                     | 370,310                  |
| Deferred outflows on bond refunding                       | <u>7,260</u>                              | <u>-</u>                                   | <u>7,260</u>             |
| <br>Total deferred outflows of resources                  | <br><u>366,895</u>                        | <br><u>10,675</u>                          | <br><u>377,570</u>       |
| <br><u><b>LIABILITIES:</b></u>                            |   |  |                          |
| Accounts payable  | 303,138                                   | 682  | 303,820                  |
| Due to other funds  | 18,809                                    | 4,162                                      | 22,971                   |
| Accrued expenses and other liabilities                    | 107,647                                   | -  | 107,647                  |
| Accrued payroll   | 174,070                                   | 2,966                                      | 177,036                  |
| Certificates of indebtedness                              |   |  |                          |
| Due within one year                                       | 100,000                                   | -  | 100,000                  |
| Due in more than one year                                 | 775,000                                   | -  | 775,000                  |
| Non-current liabilities                                   |   |  |                          |
| Compensated absences                                      | 85,830                                    | -  | 85,830                   |
| Net pension liability (asset)                             | (1,180,063)                               | (35,026)                                   | (1,215,089)              |
| Bonds payable   |   |  |                          |
| Due within one year                                       | 925,000                                   | -  | 925,000                  |
| Due in more than one year                                 | <u>1,910,000</u>                          | <u>-</u>                                   | <u>1,910,000</u>         |
| <br>Total liabilities                                     | <br><u>3,219,431</u>                      | <br><u>(27,216)</u>                        | <br><u>3,192,215</u>     |
| <br><u><b>DEFERRED INFLOWS ON PENSION OBLIGATION:</b></u> |   |  |                          |
| Deferred inflows on pension obligation                    | <u>1,108,543</u>                          | <u>32,886</u>                              | <u>1,141,429</u>         |
| <br>Total deferred inflows of resources                   | <br><u>1,108,543</u>                      | <br><u>32,886</u>                          | <br><u>1,141,429</u>     |
| <br><u><b>NET POSITION:</b></u>                           |   |  |                          |
| Net investment in capital assets                          | 19,988,295                                | -  | 19,988,295               |
| Restricted for debt service                               | 3,710,000                                 | -  | 3,710,000                |
| Unrestricted  | <u>3,991,889</u>                          | <u>119,646</u>                             | <u>4,111,535</u>         |
| <br>Total net position                                    | <br><u>\$ 27,690,184</u>                  | <br><u>\$ 119,646</u>                      | <br><u>\$ 27,809,830</u> |

**See accompanying NOTES TO THE FINANCIAL STATEMENTS**



**RECREATION DISTRICT NO.1 OF ST. TAMMANY PARISH**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

| Functions/Programs                     | Expenses     | PROGRAM REVENUES        |  |                   | Net (Expenses) Revenue and<br>Changes in Net Position |                             |                |
|--|--------------|-------------------------|--|-------------------|---|-----------------------------|----------------|
|  |              | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants | Governmental<br>Activities                            | Business-Type<br>Activities | Total          |
| <b><u>GOVERNMENTAL ACTIVITIES:</u></b> |              |                         |  |                   |   |                             |                |
| Recreation                             | 4,879,520    | \$ 407,245              | \$ 20,724                                | \$ -              | \$ (4,451,551)  | \$ -                        | \$ (4,451,551) |
| Debt service interest and fees         | 85,032       | -                       | -  | -                 | (85,032)  | -                           | (85,032)       |
| Total governmental activities          | 4,964,552    | 407,245                 | 20,724                                   | -                 | (4,536,583)   | -                           | (4,536,583)    |
| <b><u>BUSINESS-TYPE ACTIVITIES</u></b> |              |                         |  |                   |   |                             |                |
| Sports                                 | 465,253      | 500,064                 | -  | -                 | -   | 34,811                      | 34,811         |
| Enterprise                             | 188,193      | 250,815                 | 615                                      | -                 | -   | 63,237                      | 63,237         |
| Total business-type activities         | 653,446      | 750,879                 | 615                                      | -                 | -   | 98,048                      | 98,048         |
| Total                                  | \$ 5,617,998 | \$ 1,158,124            | \$ 21,339                                | \$ -              | \$ (4,536,583)  | \$ 98,048                   | \$ (4,438,535) |
| <b><u>GENERAL REVENUES:</u></b>        |              |                         |  |                   |   |                             |                |
| Ad valorem taxes                       |              |                         |  |                   | 4,520,298   | -                           | 4,520,298      |
| State appropriations                   |              |                         |  |                   | 258,825   | -                           | 258,825        |
| Other income                           |              |                         |  |                   | 279,286   | (479)                       | 278,807        |
| State revenue sharing                  |              |                         |  |                   | 61,747  | -                           | 61,747         |
| Endorsements                           |              |                         |  |                   | 25,075  | -                           | 25,075         |
| Earnings on Investments                |              |                         |  |                   | 46,377  | 651                         | 47,028         |
| Donations                              |              |                         |  |                   | 10,000  | -                           | 10,000         |
| Insurance proceeds                     |              |                         |  |                   | 289,231   | -                           | 289,231        |
| Proceeds from sale of assets           |              |                         |  |                   | (363,064)   | -                           | (363,064)      |
| Transfers in (out)                     |              |                         |  |                   | 46,000  | (46,000)                    | -              |
| Total general revenues and transfers   |              |                         |  |                   | 5,173,775   | (45,828)                    | 5,127,947      |
| Change in net position                 |              |                         |  |                   | 637,192   | 52,220                      | 689,412        |
| Net position - beginning               |              |                         |  |                   | 27,052,992  | 67,426                      | 27,120,418     |
| Net position - ending                  |              |                         |  |                   | \$ 27,690,184   | \$ 119,646                  | \$ 27,809,830  |

**See accompanying NOTES TO THE FINANCIAL STATEMENTS**

**RECREATION DISTRICT NO.1 OF ST. TAMMANY PARISH**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
AS OF DECEMBER 31, 2022

| <b><u>ASSETS:</u></b>                            | <b><u>General</u></b>   | <b><u>Capital Projects-<br/>Construction</u></b> | <b><u>Capital Projects -<br/>Development</u></b> | <b><u>Debt<br/>Service</u></b> | <b><u>Total Governmental<br/>Funds</u></b> |
|--|-------------------------|--|--|--------------------------------|--|
| Cash and cash equivalents                        | \$ 256,840              | \$ 170,286                                       | \$ -   | \$ -                           | \$ 427,126                                 |
| Restricted cash                                  | -                       | -  | -  | 14,405                         | 14,405                                     |
| Investments                                      | 636,621                 | 956,516  | -  | 317,914                        | 1,911,051                                  |
| Receivables                                      |                         |  |  |                                |  |
| Ad valorem, net                                  | 3,598,595               | -  | -  | 769,004                        | 4,367,599                                  |
| State revenue sharing                            | 9,459                   | -  | -  | -                              | 9,459                                      |
| Other  | 9,931                   | -  | -  | -                              | 9,931                                      |
| Due from other funds                             | 3,677                   | -  | -  | 13,175                         | 16,852                                     |
| Prepaid expenses                                 | <u>196,545</u>          | <u>-</u>   | <u>-</u>   | <u>-</u>                       | <u>196,545</u>                             |
| <br>Total assets                                 | <br><u>\$ 4,711,668</u> | <br><u>\$ 1,126,802</u>                          | <br><u>\$ -</u>                                  | <br><u>\$ 1,114,498</u>        | <br><u>\$ 6,952,968</u>                    |
| <br><b><u>LIABILITIES:</u></b>                   |                         |  |  |                                |  |
| Accounts payable                                 | \$ 70,333               | \$ 232,805                                       | \$ -   | \$ -                           | \$ 303,138                                 |
| Due to other funds                               | 16,716                  | 2,093  | -  | -                              | 18,809                                     |
| Accrued expenses and other liabilities           | 85,696                  | -  | -  | -                              | 85,696                                     |
| Accrued payroll                                  | <u>174,070</u>          | <u>-</u>   | <u>-</u>   | <u>-</u>                       | <u>174,070</u>                             |
| <br>Total liabilities                            | <br><u>346,815</u>      | <br><u>234,898</u>                               | <br><u>-</u>                                     | <br><u>-</u>                   | <br><u>581,713</u>                         |
| <br><b><u>DEFERRED INFLOWS OF RESOURCES:</u></b> |                         |  |  |                                |  |
| Unavailable ad valorem taxes                     | <u>(8,993)</u>          | <u>-</u>   | <u>-</u>   | <u>-</u>                       | <u>(8,993)</u>                             |
| <br>Total deferred inflows of resources          | <br><u>(8,993)</u>      | <br><u>-</u>                                     | <br><u>-</u>                                     | <br><u>-</u>                   | <br><u>(8,993)</u>                         |
| <br><b><u>FUND BALANCE:</u></b>                  |                         |  |  |                                |  |
| Nonspendable amounts                             |                         |  |  |                                |  |
| Not in spendable form                            | 196,545                 | -  | -  | -                              | 196,545                                    |
| Restricted for debt service                      | -                       | -  | -  | 1,114,498                      | 1,114,498                                  |
| Unassigned                                       | <u>4,177,301</u>        | <u>891,904</u>                                   | <u>-</u>   | <u>-</u>                       | <u>5,069,205</u>                           |
| <br>Total fund balances                          | <br><u>4,373,846</u>    | <br><u>891,904</u>                               | <br><u>-</u>                                     | <br><u>1,114,498</u>           | <br><u>6,380,248</u>                       |
| <br>Total liabilities and fund balances          | <br><u>\$ 4,711,668</u> | <br><u>\$ 1,126,802</u>                          | <br><u>\$ -</u>                                  | <br><u>\$ 1,114,498</u>        | <br><u>\$ 6,952,968</u>                    |

**See accompanying NOTES TO THE FINANCIAL STATEMENTS.**

**RECREATION DISTRICT NO.1 OF ST. TAMMANY PARISH**  
**RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS**  
**TO THE GOVERNMENT -WIDE STATEMENT OF NET POSITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

|  |    |                          |
|--|----|--------------------------|
| Total fund balance - governmental funds  | \$ | 6,380,248                |
| 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 governmental funds.   |    | 24,698,295               |
| Deferred outflows on refunding was expensed when incurred in the governmental funds  |    | 7,260                    |
| Compensated absences and accrued payroll expense are not due and payable in the current period and, therefore, are not reported in the governmental funds.                                       |    | (85,830)                 |
| Deferred inflows of resources - unavailable ad valorem taxes are not reported on government-wide financial statements  |    | (9,573)                  |
| Accrued interest on long-term liabilities is not reported in the governmental funds.   |    | (21,951)                 |
| The District follows the requirements of GASB Statement No.68 which provides for the recognition of pension obligations. This includes the recognition of related deferred outflows and inflows. |    | (748,328)                |
| Long-term liabilities are not due and payable in the current-period and, therefore, are not reported in the governmental funds. Those liabilities consist of:                                    |    |                          |
| Net pension asset  |    | 1,180,063                |
| Certificates of indebtedness   |    | (875,000)                |
| Bonds payable  |    | <u>(2,835,000)</u>       |
| Net position of governmental activities  | \$ | <u><u>27,690,184</u></u> |

**See accompanying NOTES TO THE FINANCIAL STATEMENTS**

**RECREATION DISTRICT NO.1 OF ST. TAMMANY PARISH**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

|  | <u>General</u>      | <u>Capital Projects-<br/>Construction</u> | <u>Capital Projects -<br/>Development</u> | <u>Debt<br/>Service</u> | <u>Total Governmental<br/>Funds</u> |
|--|---------------------|---|---|-------------------------|-------------------------------------|
| <b><u>REVENUES:</u></b>                            |                     |   |   |                         |                                     |
| Ad valorem taxes                                   | \$ 3,818,479        | \$ -                                      | \$ -                                      | \$ 796,157              | \$ 4,614,636                        |
| Rental income                                      | 407,245             | -   | -   | -                       | 407,245                             |
| Other income                                       | 279,286             | -   | -   | -                       | 279,286                             |
| State appropriations                               | 258,825             | -   | -   | -                       | 258,825                             |
| State revenue sharing                              | 61,747              | -   | -   | -                       | 61,747                              |
| Endorsements                                       | 25,075              | -   | -   | -                       | 25,075                              |
| Insurance proceeds                                 | -                   | 289,231                                   | -   | -                       | 289,231                             |
| Donations  | -                   | 10,000                                    | -   | -                       | 10,000                              |
| Earnings on investments                            | 41,227              | -   | -   | 5,150                   | 46,377                              |
|  | <u>4,891,884</u>    | <u>299,231</u>                            | <u>-</u>                                  | <u>801,307</u>          | <u>5,992,422</u>                    |
| Total Revenues                                     |                     |   |   |                         |                                     |
| <b><u>EXPENDITURES:</u></b>                        |                     |   |   |                         |                                     |
| Current  |                     |   |   |                         |                                     |
| Administration                                     | 1,413,239           | -   | -   | 1,799                   | 1,415,038                           |
| Park   | 1,398,469           | 80,802                                    | -   | -                       | 1,479,271                           |
| Castine center                                     | 589,671             | -   | -   | -                       | 589,671                             |
| Recreation   | 596,957             | 19,920                                    | -   | -                       | 616,877                             |
| Debt Service                                       |                     |   |   |                         |                                     |
| Principal retirement                               | -                   | -   | -   | 1,000,000               | 1,000,000                           |
| Interest and fiscal charges                        | -                   | -   | -   | 75,864                  | 75,864                              |
| Capital outlay                                     | 70,823              | 2,382,196                                 | -   | -                       | 2,453,019                           |
|  | <u>4,069,159</u>    | <u>2,482,918</u>                          | <u>-</u>                                  | <u>1,077,663</u>        | <u>7,629,740</u>                    |
| Total Expenditures                                 |                     |   |   |                         |                                     |
| Excess (deficiency) of revenues over expenditures: | 822,725             | (2,183,687)                               | -   | (276,356)               | (1,637,318)                         |
| <b><u>OTHER FINANCING SOURCES (USES):</u></b>      |                     |   |   |                         |                                     |
| Proceeds from issuance of                          |                     |   |   |                         |                                     |
| Refunding bonds                                    | -                   | -   | -   | (2,650,000)             | (2,650,000)                         |
| Payment to escrow                                  | -                   | -   | -   | 2,586,566               | 2,586,566                           |
| Issuance costs                                     | -                   | -   | -   | 63,434                  | 63,434                              |
| Proceeds from sale of capital asset                | 1,516               | -   | -   | -                       | 1,516                               |
| Transfers out                                      | (535,664)           | -   | -   | -                       | (535,664)                           |
| Transfers in                                       | 46,000              | 535,664                                   | -   | -                       | 581,664                             |
|  | <u>(488,148)</u>    | <u>535,664</u>                            | <u>-</u>                                  | <u>-</u>                | <u>47,516</u>                       |
| Total other financing sources (uses)               |                     |   |   |                         |                                     |
| Net change in fund balances                        | 334,577             | (1,648,023)                               | -   | (276,356)               | (1,589,802)                         |
| Fund balance - beginning                           | 4,039,269           | 2,539,927                                 | -   | 1,390,854               | 7,970,050                           |
| Fund balance - ending                              | <u>\$ 4,373,846</u> | <u>\$ 891,904</u>                         | <u>\$ -</u>                               | <u>\$ 1,114,498</u>     | <u>\$ 6,380,248</u>                 |

See accompanying NOTES TO THE FINANCIAL STATEMENTS

**RECREATION DISTRICT NO.1 OF ST. TAMMANY PARISH**  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2022

Net change in fund balances - total governmental funds \$ (1,589,802)

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 outlays exceeded depreciation expense in the current period. 1,268,977

The net effect of various miscellaneous transactions involving capital assets (i.e. sales and donation) is to increase net assets. (364,580)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds

Change in unavailable ad valorem taxes (94,338)  
 Contributions made to retirement plan by other governments 20,724

The issuance of long-term debt(e.g., bonds and certificates of indebtedness) provides current financial resources to govern 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 premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. These amounts are the net effect of these differences in the treatment of long-term debt and related items.

Change in interest payable (9,168)  
 Bond principal payments 1,000,000

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 the governmental funds:

Compensated absences payable 7,675  
 Change in the net position liability and related deferred amounts 397,704

Change in net position of governmental activities \$ 637,192

**See accompanying NOTES TO THE FINANCIAL STATEMENTS**

**RECREATION DISTRICT NO.1 OF ST. TAMMANY PARISH**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
AS OF DECEMBER 31, 2022

| <b><u>ASSETS:</u></b>                                  | <b><u>Sports<br/>Fund</u></b> | <b><u>Enterprise<br/>Fund</u></b> | <b><u>Total Proprietary<br/>Funds</u></b> |
|--|-------------------------------|-----------------------------------|---|
| Cash and cash equivalents                              | \$ 80,206                     | \$ 25,069                         | \$ 105,275                                |
| Due from other funds                                   | -                             | 6,119                             | 6,119                                     |
| Inventory  | -                             | 3,247                             | 3,247                                     |
|  | <hr/>                         | <hr/>                             | <hr/>                                     |
| Total assets   | 80,206                        | 34,435                            | 114,641                                   |
|  | <hr/>                         | <hr/>                             | <hr/>                                     |
| <b><u>DEFERRED OUTFLOWS ON PENSION OBLIGATION:</u></b> |                               |                                   |   |
| Deferred outflows on pension obligation                | -                             | 10,675                            | 10,675                                    |
|  | <hr/>                         | <hr/>                             | <hr/>                                     |
| Total deferred outflows of resources                   | -                             | 10,675                            | 10,675                                    |
|  | <hr/>                         | <hr/>                             | <hr/>                                     |
| <b><u>LIABILITIES:</u></b>                             |                               |                                   |   |
| Accounts payable                                       | 186                           | 496                               | 682                                       |
| Due to other funds                                     | 4,162                         | -                                 | 4,162                                     |
| Accrued payroll  | 4                             | 2,962                             | 2,966                                     |
| Net pension liability (asset)                          | -                             | (35,026)                          | (35,026)                                  |
|  | <hr/>                         | <hr/>                             | <hr/>                                     |
| Total current liabilities                              | 4,352                         | (31,568)                          | (27,216)                                  |
|  | <hr/>                         | <hr/>                             | <hr/>                                     |
| <b><u>DEFERRED INFLOWS OF RESOURCES:</u></b>           |                               |                                   |   |
| Deferred inflows on pension obligation                 | -                             | 32,886                            | 32,886                                    |
|  | <hr/>                         | <hr/>                             | <hr/>                                     |
| Total deferred inflows of resources                    | -                             | 32,886                            | 32,886                                    |
|  | <hr/>                         | <hr/>                             | <hr/>                                     |
| <b><u>NET POSITION:</u></b>                            |                               |                                   |   |
| Unrestricted   | \$ 75,854                     | \$ 43,792                         | \$ 119,646                                |
|  | <hr/> <hr/>                   | <hr/> <hr/>                       | <hr/> <hr/>                               |

See accompanying NOTES TO THE FINANCIAL STATEMENTS.

**RECREATION DISTRICT NO.1 OF ST. TAMMANY PARISH**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION - PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

|                                       | <u>Sports<br/>Fund</u> | <u>Enterprise<br/>Fund</u> | <u>Total</u>          |
|---------------------------------------|------------------------|----------------------------|-----------------------|
| <b><u>OPERATING REVENUES:</u></b>     |                        |                            |                       |
| Registration fees                     | \$ 500,064             | \$ -                       | \$ 500,064            |
| Concessions and vending               | -                      | 250,815                    | 250,815               |
| Earnings on investments               | -                      | 651                        | 651                   |
| Non-employer retirement contributions | -                      | 615                        | 615                   |
| Other income (expense)                | <u>78</u>              | <u>(557)</u>               | <u>(479)</u>          |
| <br>Total revenues                    | <br>500,142            | <br>251,524                | <br>751,666           |
| <b><u>EXPENDITURES:</u></b>           |                        |                            |                       |
| Concessions                           | -                      | 188,193                    | 188,193               |
| Officials and scorers                 | 155,940                | -                          | 155,940               |
| Other                                 | 178,199                | -                          | 178,199               |
| Uniforms                              | 76,317                 | -                          | 76,317                |
| Refunds                               | 24,379                 | -                          | 24,379                |
| Awards                                | <u>30,418</u>          | <u>-</u>                   | <u>30,418</u>         |
| <br>Total expenditures                | <br><u>465,253</u>     | <br><u>188,193</u>         | <br><u>653,446</u>    |
| <br>Net operating income              | <br>34,889             | <br>63,331                 | <br>98,220            |
| <br>Transfers                         | <br><u>-</u>           | <br><u>(46,000)</u>        | <br><u>(46,000)</u>   |
| <br>Change in net position            | <br>34,889             | <br>17,331                 | <br>52,220            |
| <br>Net position - beginning          | <br><u>40,965</u>      | <br><u>26,461</u>          | <br><u>67,426</u>     |
| <br>Net position - ending             | <br><u>\$ 75,854</u>   | <br><u>\$ 43,792</u>       | <br><u>\$ 119,646</u> |

See accompanying NOTES TO THE FINANCIAL STATEMENTS

**RECREATION DISTRICT NO.1 OF ST. TAMMANY PARISH**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

|   | <u>Sports<br/>Fund</u> | <u>Enterprise<br/>Fund</u> | <u>Total</u>      |
|---|------------------------|----------------------------|-------------------|
| <b><u>CASH FLOW FROM OPERATING ACTIVITIES:</u></b>  |                        |                            |                   |
| Receipts from customers   | \$ 500,142             | \$ 251,524                 | \$ 751,666        |
| Payments for goods and services   | <u>(486,225)</u>       | <u>(205,611)</u>           | <u>(691,836)</u>  |
| Net cash provided by operating activities   | 13,917                 | 45,913                     | 59,830            |
| <b><u>CASH FLOW FROM NON-CAPITAL FINANCIAL ACTIVITIES:</u></b>                                |                        |                            |                   |
| Transfer to other funds   | <u>-</u>               | <u>(46,000)</u>            | <u>(46,000)</u>   |
| Net cash provided by non-capital financing activities   | <u>-</u>               | <u>(46,000)</u>            | <u>(46,000)</u>   |
| Net increase (decrease) in cash and cash equivalents  | 13,917                 | (87)                       | 13,830            |
| Cash and cash equivalents, beginning of the year  | <u>66,289</u>          | <u>25,156</u>              | <u>91,445</u>     |
| Cash and cash equivalents, end of the year  | <u>\$ 80,206</u>       | <u>\$ 25,069</u>           | <u>\$ 105,275</u> |
| <b><u>Reconciliation of operating income to net cash provided by operating activities</u></b> |                        |                            |                   |
| Net operating income  | \$ 34,889              | \$ 63,331                  | \$ 98,220         |
| Adjustments to reconcile net operating income to net cash provided by operating activities    |                        |                            |                   |
| (Increase) decrease in:   |                        |                            |                   |
| Inventory   | -                      | 46                         | 46                |
| Due from others   | -                      | (6,119)                    | (6,119)           |
| Other receivable  | -                      | 1,784                      | 1,784             |
| Deferred inflow of resources  | -                      | 3,451                      | 3,451             |
| Increase (decrease) in:   |                        |                            |                   |
| Accrued expenses  | 4                      | (703)                      | (699)             |
| Accounts payable  | (139)                  | -                          | (139)             |
| Due to others   | (20,837)               | -                          | (20,837)          |
| Deferred outflows of resources  | -                      | 6,417                      | 6,417             |
| Net pension liability   | <u>-</u>               | <u>(22,294)</u>            | <u>(22,294)</u>   |
| Net cash provided by operating activities   | <u>\$ 13,917</u>       | <u>\$ 45,913</u>           | <u>\$ 59,830</u>  |

**See accompanying NOTES TO THE FINANCIAL STATEMENTS**



**RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

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

The mission of Recreation District No. 1 of St. Tammany Parish (the District) is to provide recreational opportunities and facilities to the residents of the area that includes the greater Mandeville, Louisiana area. The District offers youth and adult sports leagues and programs. 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:

**Financial Reporting Entity**

The District was created in 1975 by Ordinance 623 and re-established in 2000 by Ordinance 157 of St. Tammany Parish (the Parish). The District is governed by a Board of Commissioners (the Board) which is appointed by the Parish. The Board consists of seven commissioners who serve four-year 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 Statement No. 14, as amended, established criteria for determining which component units should be considered part of the 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 (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.

**RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2022

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

**Basic Financial Statements – Government-Wide 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 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% of the corresponding total for all governmental and proprietary funds and at least 5% 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 millage of .850 mills restricted for debt service.

**RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2022

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

**Fund Financial Statements (Continued)**

*Capital Projects Funds* - The District reports two capital project funds as major - the *Development Fund* and the *Construction Fund*. The Capital Projects Funds are used to account for the construction of infrastructure and public works.

The District reports two major proprietary funds. The Sports Fund accounts for registration fees for sports and leisure programs and the related expenses including uniforms, officials, scorers, instructors, and equipment. The Enterprise Fund accounts for the sale of concessions and goods and their related costs from all facilities' concession stands.

**Measurement Focus/Basis of Accounting**

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. 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 revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recognized when the obligations are expected to be liquidated with expendable available financial resources.

**RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2022

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

**Measurement Focus/Basis of Accounting (Continued)**

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

Ad valorem taxes are considered to be collected when they are collected by the St. Tammany Parish Sheriff. Ad valorem taxes collected 60 days after year-end are recorded as a deferred inflow of resources on the governmental fund balance sheet. State revenue sharing associated with the current fiscal period is all considered to be susceptible to accrual and 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.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating revenues for the District's proprietary funds consist of charges to customers and users of its services. Operating expenses for the District's proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**Budgets and Budgetary Accounting**

The District adopts an annual budget for the General Fund on the cash basis of accounting. The budget is legally adopted and amended as necessary by the District. All budgeted amounts which are not expended or obligated through contracts lapse at year-end.

**Cash and Cash Equivalents and Investments**

Cash includes cash on hand and amounts in demand deposits. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. 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, as required by GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, are reported at fair value.

**RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2022

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

**Receivables**

Ad valorem tax receivable is reported net of estimated uncollectible amounts. The allowance for uncollectible amounts was \$149,471 at December 31, 2022, which represents 2% of the total ad valorem tax receivable. This estimate is based on the District's history of collections within this revenue stream

**Inventories and Prepaid Expenses**

All inventories are valued at cost using the first-in/first-out method. Inventories of the governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**Capital Assets**

Capital assets, which include buildings, parking lots, fields, trails and pathways, vehicles, and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are capitalized at historical cost, or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$2,500 or more for capitalizing equipment, furniture, and fixtures. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital outlays are recorded as expenditures in the governmental fund financial statements and as assets in the government-wide financial statements. Depreciation is recorded on general fixed assets on a government-wide basis. Capital outlays of the proprietary funds are recorded as fixed assets and depreciated over their estimated useful lives on both the fund basis and the government-wide basis.

The following estimated useful lives and methods are used to compute depreciation:

| <b>Description</b>     | <b>Estimated Lives</b> | <b>Method</b> |
|------------------------|------------------------|---------------|
| Buildings              | 25 to 40 Years         | Straight-Line |
| Parking Lots           | 40 to 50 Years         | Straight-Line |
| Fields                 | 25 to 30 Years         | Straight-Line |
| Trails and Pathways    | 40 Years               | Straight-Line |
| Motor Vehicles         | 5 Years                | Straight-Line |
| Roads                  | 40 Years               | Straight-Line |
| Well, Water, and Sewer | 8 to 40 Years          | Straight-Line |
| Equipment              | 5 to 20 Years          | Straight-Line |

**RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2022

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

**Capital Assets (Continued)**

Depreciation expense amounted to \$1,184,043 for governmental activities and \$-0- for proprietary activities for the year ended December 31, 2022.

**Deferred Outflows/Inflows 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. Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has the following items that are reported as deferred inflows or outflows of resources: deferred amounts on bond refunding, deferred inflows/outflows of resources related to pensions, and unavailable revenue. Unavailable revenue arises only under a modified accrual basis of accounting, so it is reported only in the governmental funds balance sheet.

**Compensated Absences**

The District's employees earn and accrue varying amounts of vacation and sick leave each year based on years of service. At termination, employees may be paid for unused vacation, but sick leave is forfeited. At December 31, 2022, a liability of \$85,830 has been recorded in the government-wide statement of net position.

**Long-Term Debt**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred outflows of resources and amortized over the term of the related debt as a component of interest expense.

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 debt service expenditures.

**RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2022

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

**Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Parochial Employees' Retirement System of Louisiana (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Equity Classifications**

In the government-wide and proprietary fund financial statements, equity is classified as net position and displayed in three components:

1. *Net Investment in Capital Assets* - Consists of capital assets including restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. *Restricted* - Net position with constraints placed on its use either by:
  - a. External groups such as creditors, grantors, contributors, citizens, or laws or regulations of other governments.
  - b. Law through constitutional provisions or enabling legislation.
3. *Unrestricted* - All other net position is reported in this category.

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

1. *Nonspendable* - Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
2. *Restricted* - Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
3. *Committed* - Amounts that can be used only for specific purposes determined by formal action by board resolution. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board.
4. *Assigned* - Amounts that do not meet the criteria to be classified as restricted or committed, but are intended to be used for specific purposes.
5. *Unassigned* - All amounts not included in other spendable classifications.

**RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2022

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

**Equity Classifications (Continued)**

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

**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.

**Adoption of New Accounting Pronouncement**

For fiscal year ended December 31, 2022, the District adopted GASB No.87, Leases. The objectives of GASB 87 are 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. The adoption of this Statement had no material impact on the District's financial statements.

**Subsequent Events**

Subsequent events have been evaluated through May 25, 2023, the date the financial statements were available to be issued.

The District is in the process of issuing \$7,000,000 of General Obligation Bonds. On March 8, 2023, the District accepted a bid for the purchase the issuance of their \$7,000,000 Series 2023 General Obligation Bonds. The District will receive \$7,315,664 plus accrued interest from the date of issue to the date of delivery. The Series 2023 bonds principal and interest payments will be made annually on March 1 in varying amounts with 4% or 5% interest annually. The final payment will be made on March 1, 2043.



**RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2022

**(2) CASH AND CASH EQUIVALENTS**

The following is a summary of cash and cash equivalents at December 31, 2022:

|                 | <u>Book Balance</u> | <u>Bank Balance</u> |
|-----------------|---------------------|---------------------|
| Cash on Hand    | \$ 6,130            | \$ 6,130            |
| Demand Deposits | <u>540,676</u>      | <u>564,713</u>      |
| Total           | <u>\$ 546,806</u>   | <u>\$ 570,843</u>   |

These deposits are stated at cost, which approximates market.

**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, 2022, the District's does not have any bank balance exposure to custodial credit risk. The district secures any deposits that would exceed the custodial credit risk limit with a pledge of securities owned by the fiscal agent bank.

Under state law, 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. The custodial bank must advertise and sell the pledged securities within 10 days of being notified that the fiscal agent bank has failed to pay deposited funds upon demand.

**(3) INVESTMENTS**

Investments of \$1,911,051, which are stated at market using published quotes as of December 31, 2022, consisted of \$15,000 in Series EE bonds and \$1,896,051 in Louisiana Asset Management Pool, Inc. (LAMP) a local government investment pool. In accordance with GASB Codification Section I50.126, the investment in LAMP is not categorized in the three risk categories provided by GASB Codification Section I50.125 because the investment is in a pool of funds and, therefore, not evidenced by securities that exist in physical or book-entry form.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA-RS 33:2955. LAMP is rated AAA by Standard & Poor's.

**RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2022

**(3) INVESTMENTS (CONTINUED)**

GASB Statement No. 40, Deposit and Investment Risk Disclosure, requires disclosure of credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk for all public entity investments.

LAMP is an investment pool that, to the extent practical, invests in a manner consistent with GASB Statement No. 79. The following facts are relevant for investment pools:

- *Credit Risk: LAMP is rated AAAM by Standard & Poor's.*
- *Custodial Credit Risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.*
- *Concentration of Credit Risk: Pooled investments are excluded from the 5% disclosure requirement.*
- *Interest Rate Risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days. The WAM for LAMP's total investments was 22 as of December 31, 2022.*

The investments in LAMP are stated at fair value. The fair value is determined on a weekly basis by LAMP, and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company. If you have any questions, please feel free to contact the LAMP administrative office at 800-249-5267.

**(4) AD VALOREM TAXES**

Ad valorem taxes for the operations and bond debt service of the District are normally 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 reevaluation of all property is required to be completed no less than every four years. The last reevaluation was completed in 2020. Taxes are due and payable on a date set by the St. Tammany Parish Assessor's Office, usually in December.

**RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2022

**(4) AD VALOREM TAXES (CONTINUED)**

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

|                                     | <u>Authorized</u><br><u>Millage</u> | <u>Levied</u><br><u>Millage</u> |
|-------------------------------------|-------------------------------------|---------------------------------|
| Operation and Maintenance           | 3.00                                | 2.78                            |
| Operation and Maintenance – Special | 3.50                                | 3.27                            |
| Payment of General Obligation Bonds | N/A                                 | .85                             |

**(5) INTERFUND RECEIVABLES AND PAYABLES**

The primary purpose of interfund receivables/payables is to loan monies between funds to cover current expenditures. Individual fund balances due from/to other funds at December 31, 2022 were as follows:

| <u>Fund</u> | <u>Due From</u> | <u>Due To</u>   |
|-------------|-----------------|-----------------|
| General     | \$ 2,200        | \$ -            |
| Sports      | -               | 2,200           |
| Total       | <u>\$ 2,200</u> | <u>\$ 2,200</u> |

All interfund receivables/payables are considered short-term, as they are expected to be repaid within the next fiscal year.

**(6) CAPITAL ASSETS**

Capital assets and depreciation activity as of and for the year ended December 31, 2022 for the primary government are as follows:

**Capital assets, not being depreciated:**

|   | <u>Beginning</u><br><u>Balance</u> | <u>Additions</u> | <u>Disposals</u> | <u>Transfers</u> | <u>Ending</u><br><u>Balance</u> |
|---|------------------------------------|------------------|------------------|------------------|---------------------------------|
| Land – Pretty Acres                               | \$ 470,000                         | \$ -             | \$ -             | \$ -             | \$ 470,000                      |
| Land – Phase IV                                   | 549,928                            | -                | -                | -                | 549,928                         |
| Land – Nature Center                              | 781,220                            | -                | -                | -                | 781,220                         |
| Construction in Progress                          | <u>953,441</u>                     | <u>2,191,865</u> | <u>-</u>         | <u>(33,564)</u>  | <u>3,111,742</u>                |
| <b>Total Capital Assets not being Depreciated</b> | <u>2,754,589</u>                   | <u>2,191,865</u> | <u>-</u>         | <u>(33,564)</u>  | <u>4,912,890</u>                |

**RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2022

**(6) CAPITAL ASSETS (CONTINUED)**

**Capital assets, being depreciated:**

|  | <u>Beginning<br/>Balance</u> | <u>Additions</u> | <u>Disposals</u> | <u>Transfers</u> | <u>Ending<br/>Balance</u> |
|--|------------------------------|------------------|------------------|------------------|---------------------------|
| Buildings  | 13,487,107                   | 38,103           | -                | -                | 13,525,210                |
| Parking lots                                       | 4,705,575                    | -                | -                | -                | 4,705,575                 |
| Fields   | 14,009,010                   | 84,534           | (524,534)        | 33,564           | 13,602,574                |
| Trails and pathways                                | 704,997                      | 4,830            | -                | -                | 709,827                   |
| Motor vehicles                                     | 207,863                      | 64,227           | -                | -                | 272,090                   |
| Roads  | 2,554,373                    | -                | -                | -                | 2,554,373                 |
| Well, water, and sewer                             | 1,837,725                    | -                | -                | -                | 1,837,725                 |
| Equipment  | <u>1,199,552</u>             | <u>69,461</u>    | <u>(48,561)</u>  | <u>-</u>         | <u>1,220,452</u>          |
| <b>Total capital assets, being<br/>depreciated</b> | <u>38,706,202</u>            | <u>261,155</u>   | <u>(573,095)</u> | <u>33,564</u>    | <u>38,427,826</u>         |

**Less: accumulated depreciation  
for**

|                                       |                     |                    |                |          |                     |
|---------------------------------------|---------------------|--------------------|----------------|----------|---------------------|
| Buildings                             | (5,840,454)         | (363,582)          | -              | -        | (6,204,036)         |
| Parking lots                          | (1,454,921)         | (104,052)          | -              | -        | (1,558,973)         |
| Fields                                | (6,777,919)         | (460,687)          | 159,954        | -        | (7,078,652)         |
| Trails and pathways                   | (187,116)           | (17,625)           | -              | -        | (204,741)           |
| Motor vehicles                        | (182,936)           | (25,997)           | -              | -        | (208,933)           |
| Roads                                 | (1,096,014)         | (78,693)           | -              | -        | (1,174,707)         |
| Well, water, and sewer                | (1,192,252)         | (73,509)           | -              | -        | (1,265,761)         |
| Equipment                             | <u>(935,281)</u>    | <u>(59,898)</u>    | <u>48,561</u>  | <u>-</u> | <u>(946,618)</u>    |
| <b>Total accumulated depreciation</b> | <u>(17,666,893)</u> | <u>(1,184,043)</u> | <u>208,515</u> | <u>-</u> | <u>(18,642,421)</u> |

**Capital assets being  
depreciated, net**

|                            |                      |                     |                     |               |                      |
|----------------------------|----------------------|---------------------|---------------------|---------------|----------------------|
|                            | <u>21,039,309</u>    | <u>(922,888)</u>    | <u>(364,580)</u>    | <u>33,564</u> | <u>19,785,405</u>    |
| <b>Capital assets, net</b> | <u>\$ 23,793,898</u> | <u>\$ 1,268,977</u> | <u>\$ (364,580)</u> | <u>-</u>      | <u>\$ 24,698,295</u> |

Depreciation expense for the year ended December 31, 2022 was \$1,184,043.

An electronic outdoor sign, Castine Center wall pads and field equipment with a book value of \$364,580 was sold during the year ended December 31, 2022. The proceeds from sales were \$1,516, which resulted in a loss of \$363,064.

**RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2022

**(7) LONG-TERM DEBT**

The following is a summary of bond transactions of the District for the year ended December 31, 2022:

|                              | General<br><u>Obligation Bonds</u> | Certificates of<br><u>Indebtedness</u> | <u>Total</u>        |
|------------------------------|------------------------------------|--|---------------------|
| Payable at January 1, 2021   | \$ 3,740,000                       | \$ 970,000                             | \$ 4,710,000        |
| Issued                       | -                                  | -                                      | -                   |
| Retired                      | <u>(905,000)</u>                   | <u>(95,000)</u>                        | <u>(1,000,000)</u>  |
| Payable at December 31, 2021 | <u>\$ 2,835,000</u>                | <u>\$ 875,000</u>                      | <u>\$ 3,710,000</u> |
| Due Within one Year          | <u>\$ 925,000</u>                  | <u>\$ 100,000</u>                      | <u>\$ 1,025,000</u> |

Bonds payable and certificates of indebtedness outstanding at December 31, 2022 are as follows:

|   |                     |
|---|---------------------|
| \$5,020,000 General Obligation Refunding Bonds, dated May 18, 2012, due in 10 annual installments, due March 1, 2023, with semi-annual interest payments of 2.37%. These bonds are secured by ad valorem taxes. | \$ 575,000          |
| \$1,500,000 Certificates of Indebtedness, dated June 25, 2015, due in 15 annual installments, due March 1, 2030, including interest at 1.82% to 2.725%.   | 875,000             |
| \$2,650,000 Refunding Bonds dated December 8, 2020, due in 8 annual installments, due March 1, 2028, including interest at 1.28%.   | <u>2,260,000</u>    |
| Total Debt:   | <u>\$ 3,710,000</u> |

General obligation refunding bonds are secured by an annual ad valorem tax levy. In accordance with R.S. 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, 2022, the District had not exceeded this statutory limit.

**RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2022

**(7) LONG-TERM DEBT(CONTINUED)**

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

| Year Ending<br>December 31, | General Obligation<br>Bonds |                  | Certificates of<br>Indebtedness |                  | Total               |                   |
|-----------------------------|-----------------------------|------------------|---------------------------------|------------------|---------------------|-------------------|
|                             | <u>Principal</u>            | <u>Interest</u>  | <u>Principal</u>                | <u>Interest</u>  | <u>Principal</u>    | <u>Interest</u>   |
| 2023                        | \$ 925,000                  | \$ 33,523        | \$ 100,000                      | \$ 22,013        | \$ 1,025,000        | \$ 55,536         |
| 2024                        | 365,000                     | 22,129           | 100,000                         | 19,451           | 465,000             | 41,580            |
| 2025                        | 370,000                     | 17,422           | 105,000                         | 16,773           | 475,000             | 34,195            |
| 2026                        | 385,000                     | 12,586           | 110,000                         | 13,937           | 495,000             | 26,523            |
| 2027                        | 390,000                     | 7,622            | 110,000                         | 11,007           | 500,000             | 18,629            |
| 2028 - 2030                 | <u>400,000</u>              | <u>2,562</u>     | <u>350,000</u>                  | <u>14,441</u>    | <u>750,000</u>      | <u>17,003</u>     |
| Total                       | <u>\$ 2,835,000</u>         | <u>\$ 95,843</u> | <u>\$ 875,000</u>               | <u>\$ 97,622</u> | <u>\$ 3,710,000</u> | <u>\$ 193,465</u> |

**(8) LEASE**

The District has entered into a lease for land with the State of Louisiana dated September 1, 2016, for a term of ten years, which was an extension of an earlier lease. The lease is renewable every ten years, provided the District makes substantial/improvements to the park during each term. The lease is accounted for as an operating lease whereby rental payments are recorded as operating expenditures when paid. The total payment on this lease was \$9,704 for the year ended December 31, 2022. Due to the variable terms of the lease, a schedule of future maturities cannot be presented at this time.

**(9) PENSION**

**Plan Description and Provisions**

The District contributes to a cost-sharing, multiple-employer defined benefit pension plan administered by the Parochial Employees' Retirement System of Louisiana (PERS or the System). PERS provides retirement, disability, and death benefits to plan members and beneficiaries. PERS was established by the Louisiana Legislature as of January 1, 1953, by Act 205 of 1952. PERS is administered by a Board of Trustees consisting of seven members. Employees of the District may elect to be members of PERS Plan A.

**Eligibility Requirements**

All permanent district employees who work at least 28 hours a week and who are paid wholly or in part from district funds shall become members on the date of employment. New employees over the age of 65 and who meet the Social Security criteria have up to 90 days from the date of hire to elect to participate.

**RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2022**

**(9) PENSION (CONTINUED)**

**Eligibility Requirements (Continued)**

Any member can retire providing he/she meets one of the following criteria:

For employees hired prior to January 1, 2007:

1. Any age with thirty (30) or more years of creditable service.
2. Age 55 with twenty-five (25) years of creditable service.
3. Age 60 with a minimum of ten (10) years of creditable service.
4. Age 65 with a minimum of seven (7) years of creditable service.

For employees hired after January 1, 2007:

1. Age 55 with a minimum of thirty (30) years of creditable service.
2. Age 62 with a minimum of ten (10) years of creditable service.
3. Age 67 with a minimum of seven (7) years of creditable service.

Generally, the monthly amount of the retirement allowance of any member of Plan A shall consist of an amount equal to three percent of the member's final average compensation multiplied by his/her years of creditable service. However, under certain conditions, as outlined in the statutes, the benefits are limited to specified amounts.

**Survivor Benefits**

Upon the death of any member of Plan A with five (5) or more years of creditable service who is not eligible for retirement, the plan provides for benefits for the surviving spouse and minor children, as outlined in the statutes. The surviving spouse of any member of Plan A who is eligible for normal retirement at time of death shall receive an automatic Option 2 benefit, as outlined in the statutes.

**Deferred Retirement Option Plan**

Act 338 of 1990 established the Deferred Retirement Option Plan (DROP) for the System. DROP is an option for that member who is eligible for normal retirement. In lieu of terminating employment and accepting a service retirement, any member of Plan A who is eligible to retire may elect to participate in the DROP, in which they are enrolled for three years, and defer the receipt of benefits. During participation in the DROP, employer contributions are payable, but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund.

**RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2022

**(9) PENSION (CONTINUED)**

**Deferred Retirement Option Plan**

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in the DROP Fund, or roll over the fund to an Individual Retirement Account. Interest is accrued on the DROP benefits for the period between the end of DROP participation and the member's retirement date. For individuals who become eligible to participate in the DROP on or after January 1, 2004, all amounts which remain credited to the individual's subaccount after termination in the plan will be placed in liquid asset money market investments at the discretion of the Board of Trustees. These subaccounts may be credited with interest based on money market rates of return or, at the option of the System, the funds may be credited to self-directed subaccounts. The participant in the self-directed portion of this plan must agree that the benefits payable to the participant are not the obligations of the State or the System, and that any returns and other rights of the plan are the sole liability and responsibility of the participant and the designated provider to which contributions have been made.

**Disability Benefits**

For Plan A, a member shall be eligible to retire and receive a disability benefit if they were hired prior to January 1, 2007, and has at least five years of creditable service or if hired after January 1, 2007, has seven years of creditable service, and is not eligible for normal retirement and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan A shall be paid a disability benefit equal to the lesser of an amount equal to 3% of the member's final average compensation multiplied by his years of service, not to be less than 15, or three percent multiplied by years of service assuming continued service to age 60 for those members who are enrolled prior to January 1, 2007 and to age 62 for those members who are enrolled January 1, 2007 and later.

**Employer Contributions**

According to state statute, contributions for the District are actuarially determined each year. For the year ended December 31, 2022, the actuarially determined contribution rate was 10.38% of member's compensation. The actual rate for the fiscal year ended December 31, 2022 was 12.25%.

At December 31, 2022, the District reported a liability of \$1,215,089 for its proportionate share of the net pension asset. The net pension liability was measured as of December 31, 2021, and was determined by actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all taxing districts, actuarially determined. At December 31, 2022, the District's proportion was 0.257957%.



**RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2022

**(9) PENSION (CONTINUED)**

**Pension Asset, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended December 31, 2022, the District recognized pension expense of \$205,551. At December 31, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to its pension from the following sources:

|  | <u>Deferred<br/>Outflows of<br/>Resources</u> | <u>Deferred<br/>Inflows of<br/>Resources</u> |
|--|---|--|
| Differences between Expected and Actual Experience   | \$ 73,414                                     | \$ 88,066                                    |
| Changes in Assumptions   | 63,369  | -  |
| Net Difference between Projected and Actual Earnings<br>on Pension Plan Investments                              | -   | 1,051,031                                    |
| Changes in Proportion and Differences between District<br>Contributions and Proportionate Share of Contributions | 21,106  | 2,332  |
| District Contributions Subsequent to Measurement Date  | <u>212,421</u>                                | <u>-</u>                                     |
| <b>Total</b>   | <b><u>\$ 370,310</u></b>                      | <b><u>\$ 1,141,429</u></b>                   |

In the year ending December 31, 2022, \$212,421 reported as deferred outflows of resources related to the District's contributions subsequent to the measurement date will be recognized. Other amounts reported as deferred inflows of resources and deferred outflows of resources will be recognized in pension expense as follows:

| <u>Year Ending<br/>December 31,</u> | <u>Amount</u>              |
|-------------------------------------|----------------------------|
| 2022                                | \$ (189,139)               |
| 2023                                | (404,034)                  |
| 2024                                | (277,131)                  |
| 2025                                | <u>(112,656)</u>           |
| <b>Total</b>                        | <b><u>\$ (982,960)</u></b> |

**RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2022

**(9) PENSION (CONTINUED)**

**Actuarial Assumptions**

A summary of the actuarial methods and assumptions used in determining net pension liability as of December 31, 2021, are as follows:

|                                  |  |
|----------------------------------|--|
| Valuation Date                   | December 31, 2021  |
| Actuarial Cost Method            | Entry Age Normal   |
| Investment Return                | 6.40% (Net of Investment Expense)  |
| Expected Remaining Service Lives | 4 Years  |
| Projected Salary Increases       | 4.75% (2.45% Merit / 2.30% Inflation)  |
| Cost-of-Living Adjustments       | The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost- of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.  |
| Mortality                        | The Pub-2010 Public Retirement Plans Mortality Table for General Healthy Retirees was used for annuitants and beneficiaries. For employees, the Pub-2010 Public Retirement Plans Mortality Table for General Employees was used. For disabled annuitants, the Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees was used. These mortality tables were multiplied by 130% for males and 125% for females, each with full generational projection using the MP2018 scale. |

**RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2022

**(9) PENSION (CONTINUED)**

**Actuarial Assumptions (Continued)**

The discount rate used to measure the total pension liability was 6.40% for Plan A. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement System's Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up), and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward-looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.10% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.00% for the year ended December 31, 2021.

Best-estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of December 31, 2021 are summarized in the following table:

| <u>Asset Class</u>                | <u>Target Asset Allocation</u> | <u>Long-Term Expected Portfolio Real Rate of Return</u> |
|-----------------------------------|--------------------------------|---|
| Fixed Income                      | 33%                            | 0.85%   |
| Equity                            | 51%                            | 3.23%   |
| Alternatives                      | 14%                            | 0.71%   |
| Real Assets                       | <u>2%</u>                      | <u>0.11%</u>  |
| Totals                            | <u>100%</u>                    | 4.90%   |
| Inflation                         |                                | <u>2.10%</u>  |
| Expected Arithmetic Normal Return |                                | <u>7.00%</u>  |

**RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2022

**(9) PENSION (CONTINUED)**

**Sensitivity to Changes in Discount Rate**

The following presents the net pension liability of the District using the discount rate of 6.40% as well as what the asset or liability would be if it were calculated using a discount rate that is one percentage point lower (5.40%) or one percentage point higher (7.40%) than the current rate:

|  | 1% Decrease<br><u>(5.40%)</u> | Current<br>Discount Rate<br><u>(6.40%)</u> | 1% Increase<br><u>(7.40%)</u> |
|--|-------------------------------|--|-------------------------------|
| District's Proportionate Share of the<br>Net Pension Liability (Asset) | \$ <u>216,627</u>             | \$ <u>(1,215,089)</u>                      | \$ <u>(2,414,414)</u>         |

**(10) INTERFUND TRANSFER**

Operating transfers between funds occur to provide reimbursement of certain operating costs and are not expected to be repaid. Transfers between funds during 2022 occurred as follows:

| <u>Fund</u>      | <u>Transfer From</u> | <u>Transfers To</u> |
|------------------|----------------------|---------------------|
| General          | \$ 535,664           | \$ 46,000           |
| Capital Projects | -                    | 535,664             |
| Enterprise       | <u>46,000</u>        | <u>-</u>            |
| Total            | <u>\$ 581,664</u>    | <u>\$ 581,664</u>   |

**(11) 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, 2022, 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

**(12) NEW ACCOUNTING PRONOUNCEMENTS**

The GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements. The Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. The Statement is effective for fiscal years beginning after June 15, 2022.

**RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2022

**(12) NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)**

The GASB has released Statement No. 101, Compensated Absences (Statement 101), which replaces GASB Statement No. 16, Accounting for Compensated Absences. The Statement 101 requires liabilities for compensated absences to be recognized for: Leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means. Under the new Statement a liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered; (b) the leave has accumulated; and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits is not included in the compensated absences liability. The Statement also addresses the timing of the recognition of a liability for certain types of compensated absences, such as sabbatical leave, parental leave, military leave, jury duty leave and other specific types of compensated balances. The Statement is effective for fiscal years beginning after December 15, 2023.

**REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**RECREATION DISTRICT NO.1 OF ST. TAMMANY PARISH**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCE - BUDGET TO ACTUAL (CASH BASIS) - GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

|   | <u>Original</u><br><u>Budget</u> | <u>Final</u><br><u>Budget</u> | <u>Actual</u>         | Variance<br>Favorable<br>(Unfavorable) |
|---|----------------------------------|-------------------------------|-----------------------|--|
| <b><u>REVENUES:</u></b>                                       |                                  |                               |                       |  |
| Taxes, interest, and revenue sharing                          | \$ 3,751,825                     | \$ 3,751,825                  | \$ 4,180,278          | \$ 428,453                             |
| Castine Center  | 342,149                          | 342,149                       | 407,245               | 65,096                                 |
| Grants, endorsements, and miscellaneous                       | 94,000                           | 94,000                        | 25,075                | (68,925)                               |
| Recreation  | 166,903                          | 166,903                       | 279,286               | 112,383                                |
| Concessions and vending                                       | <u>44,700</u>                    | <u>44,700</u>                 | <u>-</u>              | <u>(44,700)</u>                        |
| <br>Total revenues  | <br>4,399,577                    | <br>4,399,577                 | <br>4,891,884         | <br>492,307                            |
| <b><u>EXPENDITURES:</u></b>                                   |                                  |                               |                       |  |
| Administration  | 1,609,187                        | 1,609,187                     | 1,413,239             | 195,948                                |
| Castine Center  | 472,442                          | 472,442                       | 589,671               | (117,229)                              |
| Park  | 1,575,267                        | 1,575,267                     | 1,398,469             | 176,798                                |
| Recreation  | 603,760                          | 603,760                       | 596,957               | 6,803                                  |
| Capital outlay  | <u>138,921</u>                   | <u>138,921</u>                | <u>70,823</u>         | <u>68,098</u>                          |
| <br>Total expenditures  | <br><u>4,399,577</u>             | <br><u>4,399,577</u>          | <br><u>4,069,159</u>  | <br><u>330,418</u>                     |
| <br>Excess of revenues over expenditures                      | <br>-                            | <br>-                         | <br>822,725           | <br>822,725                            |
| <br>Proceeds from sale of asset                               | <br>-                            | <br>-                         | <br>1,516             | <br>1,516                              |
| <br>Intergovernmental transfers                               | <br><u>-</u>                     | <br><u>-</u>                  | <br><u>(489,664)</u>  | <br><u>(489,664)</u>                   |
| <br>Excess of revenues over expenditures<br>and other sources | <br><u>\$ -</u>                  | <br><u>\$ -</u>               | <br><u>\$ 334,577</u> | <br><u>\$ 333,061</u>                  |

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

**RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**FOR THE SEVEN YEARS ENDING DECEMBER 31, 2022\***

|   |    | <u>12/31/2022</u> | <u>12/31/2021</u> | <u>12/31/2020</u> | <u>12/31/2019</u> | <u>12/31/2018</u> | <u>12/31/2017</u> | <u>12/31/2016</u> | <u>12/31/2015</u> |
|---|----|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b><u>Parochial Employees' Retirement System of Louisiana</u></b>   |    |                   |                   |                   |                   |                   |                   |                   |                   |
| District's Proportion of the Net Pension Liability  |    | 0.257957%         | 0.255181%         | 0.230710%         | 0.235461%         | 0.230487%         | 0.243934%         | 0.206252%         | 0.221200%         |
| District's Proportionate Share of the Net Pension Liability (Asset)   | \$ | (1,215,089)       | \$ (447,438)      | \$ 10,861         | \$ 1,045,060      | \$ (171,078)      | \$ 504,385        | \$ 542,915        | \$ 60,487         |
| District's Covered-Employee Payroll   |    | 1,847,136         | 1,705,119         | \$ 1,438,164      | \$ 1,447,520      | \$ 1,418,691      | \$ 1,446,658      | \$ 1,151,248      | \$ 1,255,588      |
| District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll |    | -65.78%           | -26.24%           | 0.76%             | 72.20%            | -12.06%           | 34.87%            | 47.16%            | 4.82%             |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability                                  |    | 110.46%           | 104.00%           | 99.88%            | 88.86%            | 101.97%           | 94.15%            | 92.23%            | 99.89%            |

*Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

*\*The amounts presented have a measurement date of June 30, 2022, 2021, 2020, 2019, 2018, 2017, 2016, and 2015, respectively.*



**RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH**  
**SCHEDULE OF CONTRIBUTIONS - TO DEFINED BENEFIT PENSION PLAN**  
**FOR THE EIGHT YEARS ENDING DECEMBER 31, 2022**

|   | <u>12/31/2022</u> | <u>12/31/2021</u> | <u>12/31/2020</u> | <u>12/31/2019</u> | <u>12/31/2018</u> | <u>12/31/2017</u> | <u>12/31/2016</u> | <u>12/31/2015</u> |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b><u>Parochial Employees' Retirement System of Louisiana</u></b>       |                   |                   |                   |                   |                   |                   |                   |                   |
| Contractually Required Contribution                                     | \$ 212,421        | \$ 211,550        | \$ 208,785        | \$ 165,389        | \$ 166,465        | \$ 177,336        | \$ 188,066        | \$ 166,931        |
| Contributions in Relation to the<br>Contractually Required Contribution | <u>(212,421)</u>  | <u>(211,550)</u>  | <u>(208,785)</u>  | <u>(165,389)</u>  | <u>(166,465)</u>  | <u>(177,336)</u>  | <u>(188,066)</u>  | <u>(166,931)</u>  |
| Contribution Deficiency (Excess)  | <u>\$ -</u>       | <u>\$ -</u>       | <u>\$ -</u>       | <u>\$ -</u>       | <u>\$ -</u>       | <u>\$ -</u>       | <u>\$ -</u>       | <u>\$ -</u>       |
| District's Covered-Employee Payroll                                     | \$ 1,847,136      | \$ 1,726,940      | \$ 1,704,367      | \$ 1,438,164      | \$ 1,447,520      | \$ 1,418,691      | \$ 1,446,658      | \$ 1,151,248      |
| Contributions as a Percentage of<br>Covered-Employee Payroll            | 11.50%            | 12.25%            | 12.25%            | 11.50%            | 11.50%            | 12.50%            | 13.00%            | 14.50%            |

*Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

**OTHER SUPPLEMENTARY INFORMATION**

**RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH**  
**SCHEDULE OF COMPENSATION PAID TO BOARD MEMBERS**  
FOR THE YEAR ENDED DECEMBER 31, 2022

| <u>Board of Commissioners</u>  | <u>Compensation</u> |
|--|---------------------|
| Nixon Adams, Chairmar<br>250 Dona Drive, Mandeville, LA 70448                            | \$ -                |
| Majure B. Savell, Vice-Chairmar<br>104 Dianna Court, Covington, LA 70433                 | \$ -                |
| Rick Danielson, Commissione<br>209 Lamarque Street, Mandeville, LA 70448                 | \$ -                |
| Shearn Lemoine, Commissione<br>1896 N. Causeway Blvd., Mandeville, LA 70471              | \$ -                |
| William B. Matthews, Jr., J.D., Commissione<br>386 Red Maple Drive, Mandeville, LA 70448 | \$ -                |
| John Neill, Commissione<br>1798 Culver Court, Mandeville, LA 70448                       | \$ -                |
| DeShea Richardson, Commissione<br>532 Girod Street, Mandeville, LA 70448                 | \$ -                |

**See independent auditors' report**

**RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH**  
**SCHEDULE OF COMPENSATION, BENEFITS AND OTHER**  
**PAYMENTS TO AGENCY HEAD**  
FOR THE YEAR ENDED DECEMBER 31, 2022

**Agency Head Name:** Margie Lewis, Director

| <u>PURPOSE</u>        | <u>AMOUNT</u>     |
|-----------------------|-------------------|
| Salary                | \$ 119,294        |
| Benefits- insurance*  | 10,296            |
| Benefits- retirement* | 12,271            |
| Conference travel     | 3,546             |
|                       | <hr/>             |
|                       | <u>\$ 145,407</u> |

\* Insurance, retirement and other benefits were provided to all employees of the District.



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Commissioners of  
Recreation District No. 1 of St. Tammany Parish  
Mandeville, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of Recreation District No.1 of St. Tammany Parish (the "District") as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise Recreation District No. 1 of St. Tammany Parish's basic financial statements, and have issued our report thereon dated May 25, 2023.

**Report on 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 Recreation District No.1 of St. Tammany Parish's internal control. Accordingly, we do not express an opinion on the effectiveness of Recreation District No. 1 of St. Tammany Parish'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.



To the Board of Commissioners of  
Recreation District No. 1 of St. Tammany Parish  
May 25, 2023

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Recreation District No. 1 of St. Tammany Parish'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 results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

May 25, 2023  
Mandeville, Louisiana

*Ericksen Krentel, LLP*  
Certified Public Accountants

**RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**A. SUMMARY OF AUDIT RESULTS**

1. The auditors' report expresses an unmodified opinion on the financial statements of Recreation District No. 1 of St. Tammany Parish.
2. No significant deficiencies disclosed during the audit are reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance disclosed during the audit are reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
4. A management letter was not issued for the year ended December 31, 2022.

**B. FINDINGS – FINANCIAL STATEMENT AUDIT**

None

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH  
SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2022

**INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FINANCIAL STATEMENTS**

None

**MANAGEMENT LETTER ITEMS**

A management letter was not issued in the prior year.



**LOUISIANA LEGISLATIVE AUDITOR**  
**STATEWIDE AGREED-UPON PROCEDURES**  
**ST. TAMMANY PARISH**  
**RECREATION DISTRICT NO. 1**  
**MANDEVILLE, LOUISIANA**  
**FOR THE YEAR ENDED**  
**DECEMBER 31, 2022**



**ERICKSEN KRENTEL**<sup>LLP</sup>  
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS



**INDEPENDENT ACCOUNTANTS' REPORT**  
**ON APPLYING AGREED-UPON PROCEDURES**

To the Members of the Board of Commissioners  
St. Tammany Parish Recreation District No. 1  
Mandeville, Louisiana

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified by the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the year ended December 31, 2022. St. Tammany Parish Recreation District No. 1's management is responsible for those C/C areas identified in the agreed-upon procedures.

St. Tammany Parish Recreation District No. 1 has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the year ended December 31, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

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

We were engaged by the District to perform this agreed-upon procedures engagement and conducted our engagement 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 engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the agreed-upon procedures. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the agreed-upon procedures, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

May 25, 2023  
Mandeville, Louisiana

  
Certified Public Accountants

ST. TAMMANY PARISH RECREATION DISTRICT NO. 1  
AGREED-UPON PROCEDURES  
FOR THE YEAR ENDED DECEMBER 31, 2022

1) **WRITTEN POLICIES AND PROCEDURES**

- A. **Procedures**: Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
- a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
  - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.
  - c) ***Disbursements***, including processing, reviewing, and approving.
  - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
  - e) ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
  - f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
  - g) ***Travel and expense reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
  - h) ***Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
  - i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

ST. TAMMANY PARISH RECREATION DISTRICT NO. 1  
AGREED-UPON PROCEDURES (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2022

1. **WRITTEN POLICIES AND PROCEDURES (CONTINUED)**

- j) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) ***Information Technology Disaster Recovery/Business Continuity***, including (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.
- l) ***Prevention of Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

**Results:** No exceptions were found as a result of applying the procedure.

2. **BOARD OR FINANCE COMMITTEE**

- A. **Procedures:** Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
  - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
  - b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget- to-actual, at a minimum, on all special revenue funds. Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.
  - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
  - d) Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

ST. TAMMANY PARISH RECREATION DISTRICT NO. 1  
AGREED-UPON PROCEDURES (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2022

2. **BOARD OR FINANCE COMMITTEE (CONTINUED)**

**Results:** No exceptions were found as a result of applying the procedure.

3. **BANK RECONCILIATIONS**

A. **Procedures:** Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select five additional accounts (or all accounts if less than five). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

- a) Bank reconciliations include evidence that they were prepared within two months of the related statement closing date (e.g., initialed and dated or electronically logged).
- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

**Results:** No exceptions were found as a result of applying the procedure.

4. **COLLECTIONS (EXCLUDING ELECTRONIC FUNDS TRANSFERS)**

A. **Procedure:** Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select five deposit sites (or all deposit sites if less than five).

B. **Procedures:** For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. five collection locations for five deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- a) Employees that are responsible for cash collections do not share cash drawers/registers.
- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

ST. TAMMANY PARISH RECREATION DISTRICT NO. 1  
AGREED-UPON PROCEDURES (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2022

4. **COLLECTIONS (EXCLUDING ELECTRONIC FUNDS TRANSFERS) (CONTINUED)**

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.

**Results:** No exceptions were found as a result of applying the procedure.

- C. **Procedure:** Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was enforced during the fiscal period.

**Results:** No exceptions were found as a result of applying the procedure.

- D. **Procedures:** Randomly select two deposit dates for each of the five bank accounts selected for procedure #3A under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the ten deposits and:

- a) Observe that receipts are sequentially pre-numbered.
- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- c) Trace the deposit slip total to the actual deposit per the bank statement.
- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than ten miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
- e) Trace the actual deposit per the bank statement to the general ledger.

**Results:** No exceptions were found as a result of applying the procedure.

ST. TAMMANY PARISH RECREATION DISTRICT NO. 1  
AGREED-UPON PROCEDURES (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2022

5. **NON-PAYROLL DISBURSEMENTS (EXCLUDING CARD PURCHASES/PAYMENTS, TRAVEL REIMBURSEMENTS, AND PETTY CASH PURCHASES)**

- A. **Procedure:** Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than five).
- B. **Procedures:** For each location selected under #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
  - b) At least two employees are involved in processing and approving payments to vendors.
  - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
  - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
  - e) Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

**Results:** No exceptions were found as a result of applying the procedure.

- C. **Procedures:** For each location selected under #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select five disbursements for each location, obtain supporting documentation for each transaction and:
- a) Observe that the disbursement matched the related original itemized invoice, and that supporting documentation indicates that deliverables included on the invoice were received by the entity.
  - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #5B, as applicable.

**Results:** No exceptions were found as a result of applying the procedure.

ST. TAMMANY PARISH RECREATION DISTRICT NO. 1  
AGREED-UPON PROCEDURES (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2022

5. **NON-PAYROLL DISBURSEMENTS (EXCLUDING CARD PURCHASES/PAYMENTS, TRAVEL REIMBURSEMENTS, AND PETTY CASH PURCHASES) (CONTINUED)**

**D. Procedures:** Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

**Results:** No exceptions were found as a result of applying the procedure.

6. **CREDIT CARDS/DEBIT CARDS/FUEL CARDS/PURCHASE CARDS (CARDS)**

**A. Procedures:** Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

**Results:** No exceptions were found as a result of applying the procedure.

**B. Procedures:** Using the listing prepared by management, randomly select five cards (or all cards if less than five) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of the Lawrason Act municipality, should not be reported); and

b) Observe that finance charges and late fees were not assessed on the selected statements.

**Results:** No exceptions were found as a result of applying the procedure.



**ST. TAMMANY PARISH RECREATION DISTRICT NO. 1**  
**AGREED-UPON PROCEDURES (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**6. CREDIT CARDS/DEBIT CARDS/FUEL CARDS/PURCHASE CARDS (CARDS)**  
**(CONTINUED)**

- C. **Procedures:** Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

**Results:** No exceptions were found as a result of applying the procedure.

**7. TRAVEL AND TRAVEL-RELATED EXPENSE REIMBURSEMENTS (EXCLUDING CARD TRANSACTIONS)**

- A. **Procedures:** Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select five reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the five reimbursements selected:
- a) If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
  - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
  - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
  - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

**Results:** No exceptions were found as a result of applying the procedure.

ST. TAMMANY PARISH RECREATION DISTRICT NO. 1  
AGREED-UPON PROCEDURES (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2022

8. **CONTRACTS**

- A. **Procedures:** Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list. Obtain management's representation that the listing is complete. Randomly select five contracts (or all contracts if less than five) from the listing, excluding the practitioner's contract, and:
- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
  - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
  - c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g. if approval is required for any amendment was approval documented).
  - d) Randomly select one payment from the fiscal period for each of the five contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

**Results:** No exceptions were found as a result of applying the procedure.

9. **PAYROLL AND PERSONNEL**

- A. **Procedure:** Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select five employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

**Results:** No exceptions were found as a result of applying the procedure.

- B. **Procedures:** Randomly select one pay period during the fiscal period. For the five employees or officials selected under #9A above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).
  - b) Observe that supervisors approved the attendance and leave of the selected employees or officials.
  - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

ST. TAMMANY PARISH RECREATION DISTRICT NO. 1  
AGREED-UPON PROCEDURES (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2022

9. **PAYROLL AND PERSONNEL (CONTINUED)**

- d) Observe that the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

**Results:** No exceptions were found as a result of applying the procedure.

- C. **Procedures:** Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy of termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or officials' personnel files, and agree the termination payment to entity policy.

**Results:** No exceptions were found as a result of applying the procedure.

- D. **Procedure:** Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g. payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

**Results:** No exceptions were found as a result of applying the procedure.

10. **ETHICS**

- A. **Procedures:** Using the five randomly selected employees/officials from procedure #9A under "Payroll and Personnel" above: obtain ethics documentation from management, and:

- a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period, as applicable.
- b) Observe that the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

**Results:** No exceptions were found as a result of applying the procedure.

- B. **Procedures:** Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

**Results:** No exceptions were found as a result of applying the procedure.

ST. TAMMANY PARISH RECREATION DISTRICT NO. 1  
AGREED-UPON PROCEDURES (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2022

**11. DEBT SERVICE**

- A. **Procedure:** Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

**Results:** Not applicable. No bond/notes and other debt instruments were issued during the year.

- B. **Procedure:** Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

**Results:** No exceptions were found as a result of applying the procedure.

**12. FRAUD NOTICE**

- A. **Procedure:** Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the Organization attorney of the parish in which the entity is domiciled.

**Results:** No exceptions were found as a result of applying the procedure.

- B. **Procedure:** Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

**Results:** No exceptions were found as a result of applying the procedure.

**13. INFORMATION TECHNOLOGY DISASTER RECOVERY/BUSINESS CONTINUITY**

- A. **Procedures:** Perform the following 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 (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

ST. TAMMANY PARISH RECREATION DISTRICT NO. 1  
AGREED-UPON PROCEDURES (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2022

13. **INFORMATION TECHNOLOGY DISASTER RECOVERY/BUSINESS CONTINUITY (CONTINUED)**

- 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 current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

**Results:** We performed the procedures and discussed the results with management.

- B. **Procedures:** Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

**Results:** We performed the procedures and discussed the results with management.

14. **SEXUAL HARASSMENT**

- A. **Procedures:** Using the 5 randomly selected employees/officials from procedure #9A under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

**Results:** No exceptions were found as a result of applying the procedure

- B. **Procedure:** 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:** No exceptions were found as a result of applying the procedure

- C. **Procedure:** 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:

- a. Number and percentage of public servants in the agency who have completed the training requirements;

ST. TAMMANY PARISH RECREATION DISTRICT NO. 1  
AGREED-UPON PROCEDURES (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2022

14. **SEXUAL HARASSMENT**

- b. Number of sexual harassment complaints received by the agency;
- c. Number of complaints which resulted in a finding that sexual harassment occurred;
- d. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and amount of time it took to resolve each complaint.

**Results:** No exceptions were found as a result of applying the procedure