

**RECREATION DISTRICT NO. 6  
OF ST. TAMMANY PARISH**

Annual Financial Statements

December 31, 2020



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## Independent Auditor's Report

To the Board of Commissioners  
Recreation District No. 6 of St. Tammany Parish  
Covington, Louisiana

### Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Recreation District No. 6 of St. Tammany Parish (the District), a component unit of St. Tammany Parish, Louisiana, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Recreation District No. 6 of St. Tammany Parish as of December 31, 2020, and the respective changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5 - 7 and page 26, respectively, be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying information listed as other supplementary information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 19, 2021 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Recreation District No. 6 of St. Tammany Parish's internal control over financial reporting and compliance.

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

A Professional Accounting Corporation

Covington, LA  
May 19, 2021

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

## RECREATION DISTRICT NO. 6 OF ST. TAMMANY PARISH

### Management's Discussion and Analysis

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As management of Recreation District No. 6 of St. Tammany Parish (the District), we offer this discussion and analysis of the District's financial activities for the year ended December 31, 2020.

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

#### Financial Highlights

This annual report consists of a series of financial statements. The statement of net position and the statement of activities (on pages 9 and 10) provide information about the activities of the District as a whole and present a longer-term view of the District's finances. Fund financial statements begin on page 12. These statements detail how these services were financed in the short-term as well as what remains for future spending. The District is a component unit of St. Tammany Parish, Louisiana. Its main operations are conducted through a general fund.

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

#### SUMMARY STATEMENTS OF NET POSITION

	2020	2019	Change
<b>Assets</b>			
Current Assets	\$ 451,527	\$ 411,514	\$ 40,013
Capital Assets	598,161	748,843	(150,682)
<b>Total Assets</b>	<b>1,049,688</b>	<b>1,160,357</b>	<b>(110,669)</b>
<b>Liabilities</b>			
Current Liabilities	114,076	136,333	(22,257)
Non-Current Liabilities	832,000	935,000	(103,000)
<b>Total Liabilities</b>	<b>946,076</b>	<b>1,071,333</b>	<b>(125,257)</b>
<b>Net Position</b>			
Net Investment in Capital Assets	(336,839)	(286,157)	(50,682)
Restricted - Debt Service	198,204	181,159	17,045
Unrestricted	242,247	194,022	48,225
<b>Total Net Position</b>	<b>\$ 103,612</b>	<b>\$ 89,024</b>	<b>\$ 14,588</b>

## RECREATION DISTRICT NO. 6 OF ST. TAMMANY PARISH

### Management's Discussion and Analysis

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#### SUMMARY STATEMENTS OF ACTIVITIES

	2020	2019	Change
<b>Revenues</b>			
Governmental Activities			
Recreation			
Charges for Services	\$ 64,888	\$ 79,091	\$ (14,203)
General Revenues			
Ad Valorem Taxes	304,855	257,240	47,615
State Revenue Sharing	5,644	5,637	7
Other	-	8,758	(8,758)
<b>Total Revenues</b>	<b>375,387</b>	<b>350,726</b>	<b>24,661</b>
<b>Expenses</b>			
Recreation	332,153	363,128	(30,975)
Interest on Long-Term Debt	28,646	31,104	(2,458)
<b>Total Expenses</b>	<b>360,799</b>	<b>394,232</b>	<b>(33,433)</b>
<b>Change in Net Position</b>	<b>\$ 14,588</b>	<b>\$ (43,506)</b>	<b>\$ 58,094</b>

#### Capital Assets and Debt

In 2020, capital assets decreased by \$150,682, which was the result of depreciation expense in excess of capital asset purchases. Total debt decreased by \$100,000, due to payment of bond principal in excess of bond proceeds.

#### Economic Factors and Next Year's Budget and Rates

The District experienced a loss in revenues during the year as a result of actions taken to mitigate the spread of the coronavirus pandemic (see Note 8 for more information). Due to state-wide limitations on public gatherings, the District was unable to complete a full baseball or softball season, hold basketball games at their "home" gym, or form volleyball or tackle football teams during the year. As a result, there was a significant loss in registration fee and concession revenue.

The District has authority to levy millage rates up to 11 mills for payment of general obligation bonds and 6 mills for operations and maintenance. The 2020 rates were levied at 4.75 mills for payment of general obligation bonds and 5.51 mills for acquiring, constructing, improving, maintaining, operating, and/or supporting parks, playgrounds, recreation centers, and other recreational facilities.



## RECREATION DISTRICT NO. 6 OF ST. TAMMANY PARISH

### Management's Discussion and Analysis

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#### **Requests for Information**

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

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

**RECREATION DISTRICT NO. 6 OF ST. TAMMANY PARISH**  
**Statement of Net Position**  
**December 31, 2020**

	<b>Governmental Activities</b>
<b>Assets</b>	
Cash and Cash Equivalents	\$ 150,734
Receivables - Ad Valorem Taxes, Net	297,030
Receivables - State Revenue Sharing	3,763
Capital Assets, Net	<u>598,161</u>
<b>Total Assets</b>	<u>1,049,688</u>
<b>Liabilities</b>	
Accounts Payable	532
Accrued Interest	9,410
Accrued Payroll	1,134
Bonds Payable	
Due Within One Year	103,000
Due in More than One Year	<u>832,000</u>
<b>Total Liabilities</b>	<u>946,076</u>
<b>Net Position</b>	
Net Investment in Capital Assets	(336,839)
Restricted - Debt Service	198,204
Unrestricted	<u>242,247</u>
<b>Total Net Position</b>	<u>\$ 103,612</u>

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

**RECREATION DISTRICT NO. 6 OF ST. TAMMANY PARISH**  
**Statement of Activities**  
**For the Year Ended December 31, 2020**

Functional Programs	Expenses	Program Revenue		Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
<b>Governmental Activities</b>				
Recreation	\$ 332,153	\$ 64,888	\$ -	\$ (267,265)
Interest on Long-Term Debt	28,646	-	-	(28,646)
<b>Total</b>	<b>\$ 360,799</b>	<b>\$ 64,888</b>	<b>\$ -</b>	<b>(295,911)</b>
<b>General Revenues</b>				
Ad Valorem Taxes				304,855
State Revenue Sharing				5,644
<b>Total General Revenues</b>				<b>310,499</b>
<b>Change in Net Position</b>				<b>14,588</b>
<b>Net Position, Beginning of Year</b>				<b>89,024</b>
<b>Net Position, End of Year</b>				<b>\$ 103,612</b>

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

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

**RECREATION DISTRICT NO. 6 OF ST. TAMMANY PARISH**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2020**

	General Fund	Debt Service Fund	Total Governmental Funds
<b>Assets</b>			
Cash and Cash Equivalents	\$ 59,238	\$ 91,496	\$ 150,734
Receivables - Ad Valorem Taxes, Net	159,516	137,514	297,030
Receivables - State Revenue Sharing	3,763	-	3,763
Due from Other Funds	30,648	-	30,648
<b>Total Assets</b>	<b>\$ 253,165</b>	<b>\$ 229,010</b>	<b>\$ 482,175</b>
<b>Liabilities</b>			
Accounts Payable	\$ 532	\$ -	\$ 532
Accrued Payroll	1,134	-	1,134
Due to Other Funds	-	30,648	30,648
<b>Total Liabilities</b>	<b>1,666</b>	<b>30,648</b>	<b>32,314</b>
<b>Deferred Inflows of Resources</b>			
Unavailable Ad Valorem Taxes	183	158	341
<b>Total Deferred Inflows of Resources</b>	<b>183</b>	<b>158</b>	<b>341</b>
<b>Fund Balances</b>			
Restricted for:			
Debt Service	-	198,204	198,204
Unassigned	251,316	-	251,316
<b>Total Fund Balances</b>	<b>251,316</b>	<b>198,204</b>	<b>449,520</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 253,165</b>	<b>\$ 229,010</b>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	598,161
Deferred inflows of resources - unavailable ad valorem taxes are not reported on government-wide financial statements.	341
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(935,000)
Accrued interest on long-term liabilities is not reported in the governmental funds.	(9,410)
<b>Net Position of Governmental Activities</b>	<b>\$ 103,612</b>

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

**RECREATION DISTRICT NO. 6 OF ST. TAMMANY PARISH**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended December 31, 2020**

	<b>General Fund</b>	<b>Debt Service Fund</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>			
Ad Valorem Taxes	\$ 170,833	\$ 146,747	\$ 317,580
Sports Registration Fees	45,085	-	45,085
Concession and Gate Fees	18,343	-	18,343
State Revenue Sharing	5,644	-	5,644
Sponsorship Income	1,500	-	1,500
<b>Total Revenues</b>	<b>241,405</b>	<b>146,747</b>	<b>388,152</b>
<b>Expenditures</b>			
Current			
Recreation	79,898	-	79,898
General and Administration	76,388	223	76,611
Concessions	5,753	-	5,753
Capital Outlay	19,249	-	19,249
Debt Service			
Principal Retirement	-	100,000	100,000
Interest and Fiscal Charges	-	29,479	29,479
<b>Total Expenditures</b>	<b>181,288</b>	<b>129,702</b>	<b>310,990</b>
<b>Excess of Expenditures Over Revenues</b>	<b>60,117</b>	<b>17,045</b>	<b>77,162</b>
<b>Net Change in Fund Balances</b>	<b>60,117</b>	<b>17,045</b>	<b>77,162</b>
<b>Fund Balances, Beginning of Year</b>	<b>191,199</b>	<b>181,159</b>	<b>372,358</b>
<b>Fund Balances, End of Year</b>	<b>\$ 251,316</b>	<b>\$ 198,204</b>	<b>\$ 449,520</b>

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

**RECREATION DISTRICT NO. 6 OF ST. TAMMANY PARISH**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances of Governmental Funds to**  
**the Statement of Activities**  
**For the Year Ended December 31, 2020**

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 77,162</b>
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives through depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.</p>	(150,682)
<p>The issuance of long-term debt (e.g., bonds and certificates of indebtedness) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on the change in net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>	100,000
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:</p>	
<p>Change in Deferred Inflows of Resources - Unavailable Ad Valorem Taxes</p>	(12,725)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>	<u>833</u>
<p><b>Change in Net Position of Governmental Activities</b></p>	<u><u>\$ 14,588</u></u>

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



## RECREATION DISTRICT NO. 6 OF ST. TAMMANY PARISH

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies

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

#### **Reporting Entity**

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

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

#### **Basis of Presentation**

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

#### **Government-Wide Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

## RECREATION DISTRICT NO. 6 OF ST. TAMMANY PARISH

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### **Basis of Presentation (Continued)**

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for the governmental funds.

##### ***Fund Financial Statements***

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

The District reports the following major governmental funds:

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

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

##### **Measurement Focus/Basis of Accounting**

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

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

## RECREATION DISTRICT NO. 6 OF ST. TAMMANY PARISH

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

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

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

The amounts reflected in the governmental fund financial statements use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined, and available means collectible within the current period, or soon enough thereafter to pay liabilities of the current period. The District considers all revenues available if they are collected within 60 days after the fiscal year-end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt, which are recognized when payment is due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Ad valorem taxes are considered to be collected when they are collected by the St. Tammany Parish Sheriff. Ad valorem taxes collected after 60 days are recorded as a deferred inflow of resources on the governmental fund balance sheet. State revenue sharing associated with the current fiscal period is considered susceptible to accrual and so has been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

##### **Budget and Budgetary Accounting**

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

##### **Cash and Cash Equivalents and Investments**

Cash includes amounts in interest-bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

# RECREATION DISTRICT NO. 6 OF ST. TAMMANY PARISH

## Notes to Financial Statements

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### Cash and Cash Equivalents and Investments (Continued)

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

#### Receivables

Receivables are reported net of estimated uncollectible amounts. At December 31, 2020, the allowance for uncollectible ad valorem taxes was \$8,711 and \$7,509, for the General Fund and the Debt Service Fund, respectively. This represents 5% of the total ad valorem tax assessed. This estimate is based on the District's history of collections within this revenue stream.

#### Capital Assets

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

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

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

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

#### Long-Term Obligations

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

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

## RECREATION DISTRICT NO. 6 OF ST. TAMMANY PARISH

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### Equity Classifications

Government-wide net position is divided into three components:

- a. *Net Investment in Capital Assets* - Consists of capital assets including restricted assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. *Restricted* - Consists of assets that have constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.
- c. *Unrestricted* - All other net position is reported in this category.

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

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

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

##### Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

##### New Accounting Pronouncements - Adopted

The GASB issued Statement No. 84, *Fiduciary Activities*. The objective of GASB 84 is to establish criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations. The District adopted GASB 84 in the year ended December 31, 2020. However, the adoption of GASB 84 did not have any effects on the financial statements.

## RECREATION DISTRICT NO. 6 OF ST. TAMMANY PARISH

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### **New Accounting Pronouncements - Adopted (Continued)**

The GASB issued Statement No. 88, *Certain Disclosures Related to Debt*. This Statement defines debt for purposes of disclosure in notes to the financial statements and establishes additional financial statement note disclosure requirements related to debt obligations of governments. The District adopted GASB 88 in the year ended December 31, 2020. However, the adoption of GASB 88 did not have any effects on the financial statements.

The GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. GASB 89 requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The District adopted GASB 89 in the year ended December 31, 2020. However, the adoption of GASB 89 did not have any effects on the financial statements.

##### **New Accounting Pronouncements - Not Yet Adopted**

The GASB issued Statement No. 87, *Leases*. The objective of GASB 87 is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. Under this Statement, a lessee is required to recognize a lease liability and a tangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, postponing the effective date of GASB 87 to reporting periods beginning after June 15, 2021. Adoption of this standard is not expected to have a material impact to the financial statements.

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. This Statement is effective for fiscal years beginning after June 15, 2022. Adoption of this standard is not expected to have a material impact on the financial statements.

The GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The Statement amends Questions 4.3 and 4.5 of Implementation Guide 201-2. The requirements of this Statement related to the accounting and financial reporting for Internal Revenue Code Section 457 plans are effective for fiscal years beginning after June 15, 2021. Adoption of this standard is not expected to have a material impact on the financial statements.

# RECREATION DISTRICT NO. 6 OF ST. TAMMANY PARISH

## Notes to Financial Statements

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### Note 2. Cash and Cash Equivalents

The following is a summary of cash and cash equivalents (bank balances) at December 31, 2020:

Demand Deposits	<u>\$ 151,355</u>
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These deposits are stated at cost, which approximates market.

Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

*Custodial Credit Risk* - Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be recovered. The District does not have a deposit policy for custodial credit risk. As of December 31, 2020, \$-0- of the District's bank balance was exposed to custodial credit risk.

### Note 3. Capital Assets

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

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Capital Assets Being Depreciated</b>				
Recreational Facilities	\$ 2,139,586	\$ 6,225	\$ -	\$ 2,145,811
Equipment	165,588	13,024	-	178,612
<b>Total Capital Assets Being Depreciated</b>	<u>2,305,174</u>	<u>19,249</u>	<u>-</u>	<u>2,324,423</u>
<b>Less Accumulated Depreciation for:</b>				
Recreational Facilities	(1,484,248)	(149,086)	-	(1,633,334)
Equipment	(72,083)	(20,845)	-	(92,928)
<b>Total Accumulated Depreciation</b>	<u>(1,556,331)</u>	<u>(169,931)</u>	<u>-</u>	<u>(1,726,262)</u>
<b>Total Capital Assets Being Depreciated, Net</b>	<u>\$ 748,843</u>	<u>\$ (150,682)</u>	<u>\$ -</u>	<u>\$ 598,161</u>

Depreciation expense amounted to \$169,931 for the year ended December 31, 2020.





# RECREATION DISTRICT NO. 6 OF ST. TAMMANY PARISH

## Notes to Financial Statements

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### Note 6. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended December 31, 2020, the District carried insurance through various commercial carriers to cover all risks of loss. The District had no settled claims resulting from these risks that exceeded its commercial coverage in any of the past three fiscal years.

### Note 7. Ad Valorem Taxes

Property taxes for the bond debt service of the District are levied each November 1<sup>st</sup> on the assessed value listed as of the prior January 1<sup>st</sup> for all real property, merchandise, and movable property located in the Parish. Assessed values are established by the St. Tammany Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A re-evaluation of all property is required to be completed no less than every four years. The last re-evaluation was completed in 2020. Taxes are due and payable December of the following year.

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

	<b>Authorized</b>	<b>Levied</b>	<b>Expiration</b>
Operations and Maintenance	6.0 mills	5.51 mills	2031
Payment of General Obligation Bonds	11.0 mills	4.75 mills	2029

On March 20, 2021, voters approved the renewal of a special property tax of 6 mills for acquiring, constructing, improving, maintaining, operating, and/or supporting parks, playgrounds, recreation centers, and other recreational facilities in the District, beginning with the year 2022 and ending with the year 2031.

### Note 8. Contingency

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

## RECREATION DISTRICT NO. 6 OF ST. TAMMANY PARISH

### Notes to Financial Statements

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#### **Note 9. Subsequent Events**

On March 20, 2021, residents of the District voted to renew the levied property tax of 6 mills for a period of 10 years, beginning with the year 2022 and ending in the year 2031. Revenues from this millage are used to acquire, construct, improve, maintain, operate and/or support parks, playgrounds, recreation centers, and other recreational facilities within the District.

**REQUIRED SUPPLEMENTARY INFORMATION (PART II)**

**RECREATION DISTRICT NO. 6 OF ST. TAMMANY PARISH**  
**Schedule of Revenues, Expenditures, and Changes in**  
**Fund Balance - Budget and Actual - General Fund**  
**For the Year Ended December 31, 2020**

	Budget		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Ad Valorem Taxes	\$ 123,462	\$ 131,577	\$ 170,833	\$ 39,256
Sports Registration Fees	-	-	45,085	45,085
Concession and Gate Fees	78,595	64,422	18,343	(46,079)
State Revenue Sharing	3,084	3,758	5,644	1,886
Sponsorship Income	-	-	1,500	1,500
<b>Total Revenues</b>	<b>205,141</b>	<b>199,757</b>	<b>241,405</b>	<b>41,648</b>
<b>Expenditures</b>				
Recreation	57,137	48,048	79,898	(31,850)
General and Administration	128,872	120,840	76,388	44,452
Concessions	-	-	5,753	(5,753)
Capital Outlay	43,312	43,312	19,249	24,063
<b>Total Expenditures</b>	<b>229,321</b>	<b>212,200</b>	<b>181,288</b>	<b>30,912</b>
<b>Net Change in Fund Balance</b>	<b>\$ (24,180)</b>	<b>\$ (12,443)</b>	<b>60,117</b>	<b>\$ 72,560</b>
<b>Fund Balance, Beginning of Year</b>			<b>191,199</b>	
<b>Fund Balance, End of Year</b>			<b>\$ 251,316</b>	

See independent auditor's report.

## **OTHER SUPPLEMENTARY INFORMATION**

**RECREATION DISTRICT NO. 6 OF ST. TAMMANY PARISH**  
**Schedule of Governing Board**  
**For the Year Ended December 31, 2020**

<b>Board of Commissioners</b>	<b>Compensation</b>
Michael Michel, Chairman 110 Highland Crest Drive Covington, LA 70435	\$ -0-
Mark W. Files, Treasurer 40 Greenhills Drive Covington, LA 70435	-0-
Kristen Davis Hardy, Secretary 78166 Highway 437 Covington, LA 70435	-0-
Eric Sonier P.O. Box 882 Covington, LA 70434	-0-
Justin Adams 20302 Tiger Terrace Lane Covington, LA 70435	-0-
Mike Saladino 77474 St. Joseph Street Covington, LA 70435	-0-

See independent auditor's report.

**RECREATION DISTRICT NO. 6 OF ST. TAMMANY PARISH**  
**Schedule of Compensation, Benefits, and Other Payments**  
**to Agency Head**  
**For the Year Ended December 31, 2020**

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**Agency Head**  
Michael Michel, Chairman

<b>Purpose</b>	<b>Amount</b>
Salary	\$0
Benefits - Insurance	\$0
Benefits - Retirement	\$0
Benefits - Other	\$0
Car Allowance	\$0
Vehicle Provided by Government	\$0
Per Diem	\$0
Reimbursements	\$222
Travel	\$0
Registration Fees	\$0
Conference Travel	\$0
Continuing Professional Education Fees	\$0
Housing	\$0
Unvouchered Expenses	\$0
Special Meals	\$0

See independent auditor's report.

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

Independent Auditor's Report

To the Board of Commissioners  
Recreation District No. 6 of St. Tammany Parish  
Covington, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Recreation District No. 6 of St. Tammany Parish (the District), a component unit of St. Tammany Parish, Louisiana, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated May 19, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.



A Professional Accounting Corporation

Covington, LA  
May 19, 2021

**RECREATION DISTRICT NO. 6 OF ST. TAMMANY PARISH**  
**Schedule of Findings and Responses**  
**For the Year Ended December 31, 2020**

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**Part I - Summary of Auditor's Results**

Financial Statements

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

Federal Awards

Not applicable.

**Part II - Findings Related to the Financial Statements**

None.

**Part III - Compliance and Other Matters**

None.

**Part IV - Prior Year Findings**

None.