

RECREATION DISTRICT NO. 3
OF LIVINGSTON PARISH

REPORT ON AUDIT OF
COMPONENT UNIT FINANCIAL STATEMENTS

DECEMBER 31, 2020

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2322 Tremont Drive • Baton Rouge, LA 70809
178 Del Orleans Avenue, Suite C • Denham Springs, LA 70726
650 Poydras Street, Suite 1200 • New Orleans, LA 70130
Phone: 225.928.4770 • Fax: 225.926.0945
www.htbcpa.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Recreation District No. 3 of Livingston Parish
Denham Springs, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the budgetary comparison statement of the General Fund of the Recreation District No. 3 of Livingston Parish, “the District”, a component unit of the Livingston Parish Council, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the 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 of 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 District’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 District'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 the Recreation District No. 3 of Livingston Parish as of December 31, 2020, and the budgetary comparison statement of the General Fund and the changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the District's December 31, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 18, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information, schedule of proportionate share of the net pension liability, and the schedule of contributions on pages 4 through 11 and 46 through 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 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 District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

Respectfully submitted,

Harris T. Bourgeois, LLP

Denham Springs, Louisiana
June 14, 2021

Recreation District No. 3
of Livingston Parish
Denham Springs, LA 70726
Management's Discussion and Analysis
December 31, 2020

The following discussion and analysis is prepared for the Recreation District No. 3 of Livingston Parish (PARDS). The discussion and analysis is an overview of the financial activities for the fiscal year ended December 31, 2020.

The purpose of the discussion and analysis is to provide the citizens of the recreation district a broad overview of the PARDS finances. The information provided should be read in conjunction with the detailed financial statements.

The Management's Discussion and Analysis (MD&A) is required by the Government Accounting Standards Board (GASB).

FINANCIAL HIGHLIGHTS

- * PARDS Net Position on December 31, 2020 was \$4,890,124.
- * The Net Position of the Governmental Activities for PARDS showed a decrease of \$322,365.
- * The total general fund balance at year-end was \$2,771,910. In 2019, the total general fund balance was \$2,912,373. This reflects an actual decrease to the fund of \$140,463 or a 4.82% decrease in the general fund.
- * At the end of 2020, the Unassigned General Fund Balance of \$2,770,702 represents 67.87% of the total General Fund Expenditures of \$4,082,301.
- * The 2020 Operation and Maintenance ad valorem tax revenue totaled \$2,801,313 in the general fund and represents an increase of \$132,398 or a 4.96% increase over the prior year for operations and maintenance.
- * The debt service fund ad valorem tax revenues equaled \$27 for the 2020 year which was a decrease from 2019 totals due to the millage reduction regarding debt service.

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the basic financial statements of PARDS. PARDS' basic financial statements are comprised of three components: 1) the government-wide financial statements, 2) the fund financial statements, and 3) the notes to the financial statements.

Government-wide financial statements are prepared in accordance with requirements of GASB Statement 34. It provides readers a concise "entity-wide" Statement of Net Position and Statement of Activities, seeking to give the user of the financial statements a broad overview of the PARDS financial position and results of operations in a manner similar to a private-sector business.

The *statement of net position* presents information on all of PARDS' assets and liabilities, 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 PARDS is improving or deteriorating.

The *statement of activities* presents information showing how PARDS' net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and accrued but unpaid interest).

The government - wide financial statements can be found on pages 12 - 13 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. PARDS, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with financial-related legal requirements. All of the funds of PARDS are governmental type funds.

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

PARDS adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 14 - 22 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23 - 45 of this report.

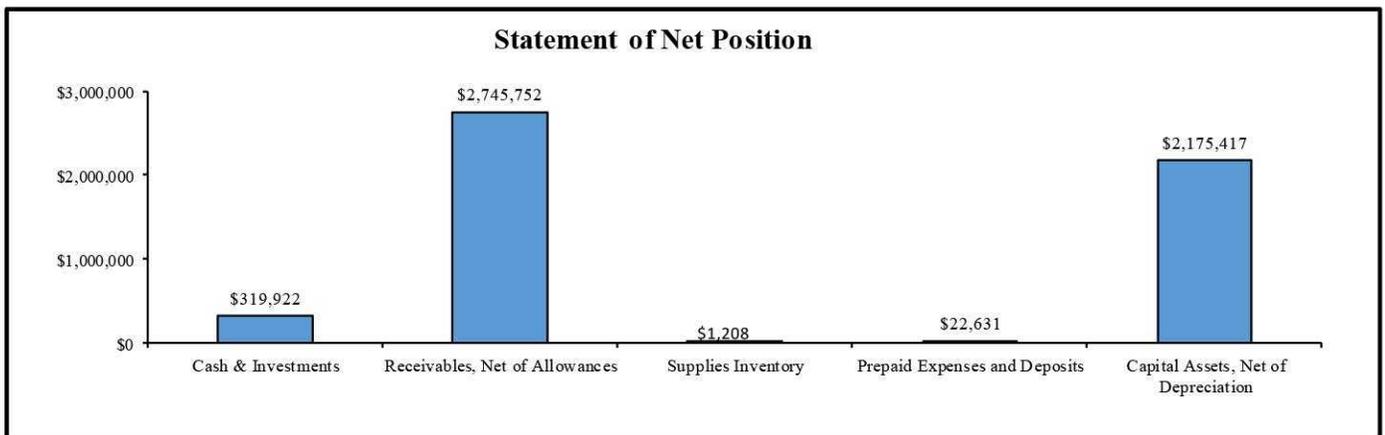
GOVERNMENT-WIDE FINANCIAL ANALYSIS

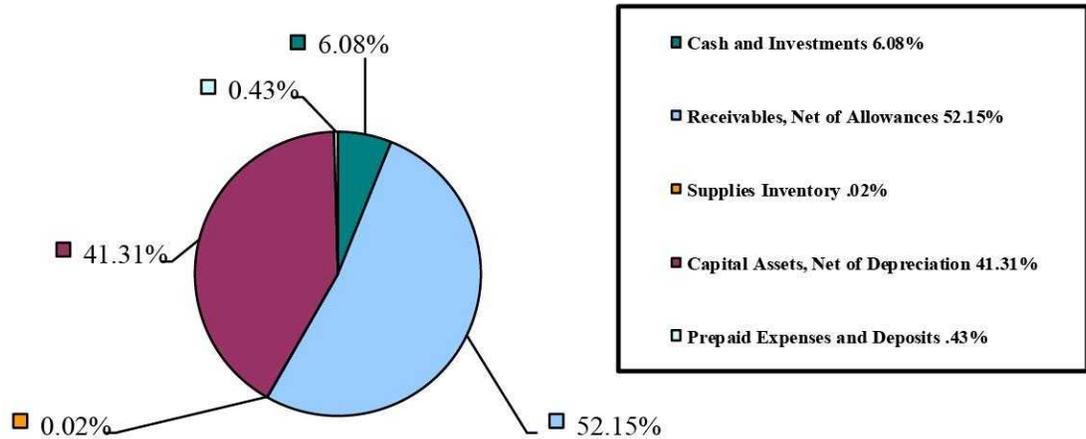
STATEMENT OF NET POSITION

The following is a schedule of PARDS' net position. Net position is calculated by taking the difference between the total assets and total liabilities. PARDS assets exceeded its liabilities at the close of 2019, by a total of \$4,890,124.

	<u>2020</u>	<u>2019</u>
Cash and Investments	\$ 319,922	\$ 947,426
Receivables, Net of Allowances	2,745,752	2,366,915
Supplies Inventory	1,208	2,558
Prepaid Expenses and Deposits	22,631	25,422
Capital Assets, Net of Depreciation	<u>2,175,417</u>	<u>2,344,760</u>
Total Assets	5,264,930	5,687,081
Deferred Outflows-Pension related	296,753	656,734
Current Liabilities	172,182	223,569
Net Pension Liability	8,416	714,057
Bonds Payable	<u>100,000</u>	<u>150,000</u>
Total Liabilities	280,598	1,087,626
Deferred Inflows-Pension related	390,961	43,700
Net Position:		
Net Investment in Capital Assets	2,075,417	2,194,760
Restricted	124,550	183,588
Unrestricted	<u>2,690,157</u>	<u>2,834,141</u>
Total Net Position	<u>\$ 4,890,124</u>	<u>\$ 5,212,489</u>

The largest portion of the PARDS net position is reflected on the following graphs.





STATEMENT OF ACTIVITIES

PARDS provides recreational facilities, activities and programs for the area citizens. Included in this are both revenue and non-revenue producing activities. PARDS operates three parks within the system. Facilities include baseball/softball fields, track, golf driving range, playgrounds, pavilions, tennis courts, a horse riding arena, two community centers, fitness and aquatics center, water park, fishing pond, walking trails and two gyms. Property taxes, AQUA PARDS entry fees, rental fees and public based program fees provide most of the funding for the PARDS operation and maintenance.

Property taxes are the largest source of revenue for PARDS. PARDS collects taxes for operation and maintenance and a separate millage for debt retirement (sinking fund). The money collected for the sinking fund can only be used to pay off the existing bonded debt. The sinking fund money cannot be used for operation and maintenance of the park system. Other sources of revenue for PARDS include program registration fees, fitness and aquatics membership fees, water park admission fees, rental fees, concessions, and interest on investments.

In November 2014, the voters in Recreation District #3 passed a ten-year tax, which will secure ad valorem tax revenues thru December 31, 2025 as the prior millage expired December 31, 2015. This tax must be renewed every ten years. This tax allows the District to collect 15 mills for the operation and maintenance of the park system. In 2020, the District collected the full millage as allowed by law. These funds are placed into the general fund and is used to pay for the operation and maintenance of the park system.

The millage rate for the sinking fund varies from year to year. Rates are set based upon the amount needed to pay off the long-term debt. The sinking fund millage rate was reduced in 2019 and set at zero mill for 2020. The original bond for 3 million dollars was passed in 1992 and will be repaid April 1, 2022.

The reduction of the sinking fund millage meant the park’s overall millage decreased from 17 mills in 2011, 16 mills in 2012 through 2014, 15.35 mills in 2015 through 2016, and 15.10 mills in 2017 through 2018. For the 2019 and 2020, combined millage for the District totaled 15.00 mills (operations) and a zero mill rate for debt service since restricted funds are on hand.

Recreation District No. 3
of Livingston Parish

Changes In Net Position

	<u>2020</u>	<u>2019</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
Revenues:				
Program Revenues:				
Charges for Services	\$ 1,061,622	\$ 1,747,257	\$ (685,635)	(39.24)%
Operating Grants and Contributions	14,468	37,294	(22,826)	(61.21)%
General Revenues:				
Property Taxes - General Purposes	2,801,313	2,668,915	132,398	4.96%
Property Taxes - Debt Service	-	142	(142)	(100.00)%
Interest and Investment Earnings	37,903	67,766	(29,863)	(44.07)%
Sponsorships	15,700	28,900	(13,200)	(45.67)%
Other	25,327	10,619	14,708	138.51%
Total Revenues	3,956,333	4,560,893	(604,560)	(13.26)%
Expenses:				
Personnel	2,179,549	2,505,399	(325,850)	(13.01)%
Program Expenses	171,893	321,879	(149,986)	(46.60)%
General Operations	1,919,077	2,174,205	(255,128)	(11.73)%
Interest on Long-Term Debt	8,179	11,980	(3,801)	(31.73)%
Total Expenses	4,278,698	5,013,463	(734,765)	(14.66)%
Changes in Net Position	\$ (322,365)	\$ (452,570)	\$ 130,205	28.77%

REVENUES

- The general fund property tax revenue increased \$132,256 from the previous year. Continued growth in the District was realized for 2020.
- The Debt Service fund property tax revenue decreased as a result of voluntary reduction of millage to zero rate as the debt nears retirement.
- There was a decrease of \$29,863 in the amount of interest on investments.
- Charges for services decreased \$685,635 with various State Covid19 restrictions demanding a cut back of services provided and less participants generating revenue directly related to the Covid 19 impact. Also, Team Registration, Fitness, Day Camp, Facility rentals all realized decreased revenues during the Covid impact on the 2020 season. Positively, the golf course(The Pines) reflected an increase of revenues \$102,031 over the 2019 revenue totals.

EXPENSES

- Total Expenses had a decrease of \$734,765 which is 14.66% decrease due largely to each program being restricted by Covid 19 impacts on gatherings. Personnel expenses decreased \$325,850 due to Covid adjustments to work schedules in the District. General operations expenses decreased by \$255,128. Program operation costs decreased by \$149,986 from Covid impact also. The Pines golf course was purchased in the prior year and program costs were made up with the increase in golf revenues.
- Total personnel expense decrease of \$325,850 or 13.01% decrease from the prior year. \$132,318 of the decrease is related to a decrease in net pension liability adjustment. Also, there was a \$200,013 decrease in salaries and wages due to reduced work schedules due to Covid 19. An increase in the health cost of (\$1,827) and retirement contributions of (\$25,121) were realized even though payroll costs were decreased dramatically.
- General Operations decreased \$255,128 in 2020 due to cut back of public hours available.

BUDGETARY HIGHLIGHTS

Major differences between the original budget and the final amended budget of the General Fund are briefly summarized as follows:

- The amended budgeted revenues were \$4,121,987, actual revenues were \$3,941,838 which was a unfavorable variance of \$180,149. Data given from the unadjusted rolls for millage from the Assessor's Office was an erroneous high estimate and final adjusted rolls were not available at budget preparation time.
- The amended budgeted expenditures were \$4,073,497, actual expenditures were \$4,082,301 a favorable variance of \$8,804.
- The overall final budget compared to the original budget reflects an decrease of Excess Revenues over Expenditures of \$188,953.
- The amended budget planned for total revenues over expenses of \$48,490, and the actual 2020 total revenue over expenses was a deficit of \$140,463, an unfavorable variance. This again was mainly associated with Covid 19 impacts on profit type programs being restricted to reach full revenue potential. Capital Outlay equipment was purchased for \$48,039 included in the deficit.
- When we accepted the Parish's bond proceeds in 2008 for the construction of our new facilities, we added annual payments to the Parish of approximately \$693,000 to our budget. The first part of the plan to pay for this additional expense was to roll forward our taxes in 2008, which added \$377,944 to our tax collections. This still left a \$315,056 deficit for the payments to the Parish. The second part of the plan to pay for the additional expenditures was to be paid through our annual growth rate in our tax collections. It was estimated that with a modest 4% growth rate by 2013, we would almost make enough to cover the additional payments. General Fund tax collections for 2013 increased 4.39% over the 2012 collections because of the reassessment and annual growth. In 2020, we collected \$1,339,568 more in General Fund property taxes than we did in 2007. The required bond payment to the parish was \$647,390 in 2020.

Revenues:

- With continued growth within the district, the reassessment increased overall valued property which has overcome the temporary reduction of selected properties due to flood damage in 2016. The District's ad valorem revenues increased substantially in 2020 as compared to the 2016 level by an actual 19% increase. From preliminary assessor reports, the 2021 tax base will grow again over the the 2020 amounts.
- Charges for Services were originally budgeted at \$1,888,700 and was amended to \$1,075,418. This was a decrease of 43.06%. Actual revenues for Charges for Services amounted to \$1,028,816 in 2020 which resulted in a unfavorable variance amount less than budget by \$46,602.

Expenditures:

- Budgeted expenditures were amended with an decrease of \$643,428 over the original budget since governmental mandates and restrictions adjusted all programs. The actual results yielded a \$140,463 unfavorable variance over the amended 2020 budget.
- Parks and Recreation Personnel Expenses which includes salaries and wages, payroll taxes and benefits were more than the final budget by \$8,946 for a unfavorable variance. This was due to slight increases in expense as compared to the final budget and basic decreases in participants of programs that still required staff to be present on site supporting the limited programs.
- Actual Program expenses were \$7,327 over the amended budget due to slight increases in team sports cost.
- The general operations actual expenses decreased from the 2020 amended budget by \$7,469 favorable variance from the amended budget. The major variances between the amended budget and the actual expenses were as follows:
 - Building grounds repair actual expenses were less than the amended budget by \$28,515 as favorable, along with tractor expense, golf course supply expense, contracted services, and office supplies inclusive of a \$56,614 net decreases.
 - Other slight increases in actual Fitness center repairs, insurance, fuel, uniforms, and the assessor collection charge expenses were greater than the amended budget by \$34,617.

CAPITAL ASSETS

Capital Assets. PARDS investment in capital assets as of December 31, 2020 amounted to \$2,175,417 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment and park facilities. The total net decrease in PARDS' investment in capital assets for the current year was \$169,343 or 7.22%. The cause of the decrease was due to current depreciation of \$217,382 and only \$48,039 in additions in the current year.

Major capital asset purchases during the current fiscal year included the following:

- Fitness, golf equipment, and mowing equipment items added in 2020 totaled \$40,039.
- Total Capital Outlay cost totaled \$48,039. Depreciation expense for 2020 amounted to \$217,382.

Additional information on PARDS' capital assets can be found in Note 5 of this report.

LONG-TERM DEBT

At the end of the current year, PARDS' had total bonded debt outstanding of \$100,000. This debt is secured by current restricted cash from prior ad valorem tax on real and business personal property within the District.

Additional information on PARDS' long-term debt activity for 2020 can be found in Note 6 on page 35 of this report.

FUTURE EXPENSES

On August 4, 2009 the Board of Commissioners signed a contract to build a \$6,112,000 Fitness and Aquatics Center and Water Park. This project is financed with a portion of the \$7,500,000 bond the Parish issued on behalf of the Recreation District. Future bond payments are approximately \$641,000 per year but fluctuates slightly year to year. The final payment is scheduled for October of 2038.

The FAC opened in March 2011. In its tenth year of operation, emphasis on membership is a continued challenge to keep pace with projections. We expect the numbers of memberships to continue a gradual increase in the future with the addition and added emphasis on crossfit exercise type programs.

The Pines golf course has been acquired and has a huge potential for hosting events, providing youth golf, and providing the public with a very good 9 hole course for play. Concessions and membership at The Pines course has been beyond expectation since its first partial year of operation.

With ten full seasons of Aqua PARDS and ten years of operating the Fitness and Aquatics Center, PARDS has a history to base future budgets on. The 2021 budget will again accurately reflect actual revenue and expenses in a concise way. Improvements to the aquatic center was completed in the prior year and a Dog exercise park was established in prior year at South Park.

Covid 19 impacts have set back capital item purchaes in 2020 and in 2021. As normalcy is regained at park programs, normal growth will be strived for with all programs.

Future enhancements to South Park and other areas at North Park relating to general maintenance is planned for including walking trails and pavilion enhancements for the public.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of PARDS' 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 the Superintendent, Mr. Gary Templeton, Post Office Box 1281, Denham Springs, Louisiana, 70727-1281.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**RECREATION DISTRICT NO. 3
OF LIVINGSTON PARISH**

STATEMENT OF NET POSITION

DECEMBER 31, 2020

(With Comparative Totals as of December 31, 2019)

	Governmental Activities	
	2020	2019
ASSETS		
Cash and Cash Equivalents	\$ 319,922	\$ 843,599
Certificates of Deposits	-	103,827
Ad Valorem Taxes Receivable, Net of Allowance	2,738,211	2,350,846
Other Receivables	7,541	16,069
Supplies Inventory	1,208	2,558
Deposits	20	20
Prepaid Insurance	22,611	25,402
Capital Assets:		
Land and Construction in Progress	728,589	728,589
Other Capital Assets, Net of Depreciation	1,446,828	1,616,171
Total Assets	5,264,930	5,687,081
DEFERRED OUTFLOW OF RESOURCES		
Deferred Outflows - Related to Pensions	296,753	656,734
LIABILITIES		
Accounts Payable	141,314	145,118
Accrued Liabilities	29,128	75,840
Interest Payable	1,740	2,611
Non-Current Liabilities:		
Net Pension Liability	8,416	714,057
Due Within One Year	50,000	50,000
Due in More Than One Year	50,000	100,000
Total Liabilities	280,598	1,087,626
DEFERRED INFLOW OF RESOURCES		
Deferred Inflows - Related to Pensions	390,961	43,700
NET POSITION		
Net Investment in Capital Assets	2,075,417	2,194,760
Restricted for Debt Service	124,550	183,588
Unrestricted	2,690,157	2,834,141
Total Net Position	\$ 4,890,124	\$ 5,212,489

The notes to the financial statements are an integral part of this statement.

**RECREATION DISTRICT NO. 3
OF LIVINGSTON PARISH**

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2020
(With Comparative Totals for the Year Ended December 31, 2019)

FUNCTIONS/PROGRAMS	Program Revenues				Total Governmental Activities - Net (Expense) Revenue and Changes In Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	2020	2019
	Governmental Activities:					
Parks and Recreation:						
Personnel	\$ 2,179,549	\$ -	\$ 14,468	\$ -	\$ (2,165,081)	\$ (2,493,105)
Program Expenses	171,893	1,034,816	-	-	862,923	1,382,060
General Operations	1,919,077	26,806	-	-	(1,892,271)	(2,105,887)
Debt Service:						
Interest on Long-Term Debt	8,179	-	-	-	(8,179)	(11,980)
Total Governmental Activities	\$ 4,278,698	\$ 1,061,622	\$ 14,468	\$ -	(3,202,608)	(3,228,912)
Taxes:						
Property Taxes, Levied for General Purposes					2,801,313	2,668,915
Property Taxes, Levied for Debt Services					-	142
Interest and Investment Earnings					37,903	67,766
Sponsorships					15,700	28,900
Miscellaneous					25,327	10,619
					2,880,243	2,776,342
Change in Net Position					(322,365)	(452,570)
Net Position - Beginning of Year					5,212,489	5,665,059
Net Position - End of Year					\$ 4,890,124	\$ 5,212,489

The notes to the financial statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

**RECREATION DISTRICT NO. 3
OF LIVINGSTON PARISH**

BALANCE SHEET - GOVERNMENTAL FUNDS

DECEMBER 31, 2020

(With Comparative Totals as of December 31, 2019)

	General Fund	Debt Service Fund	Total Governmental Funds	
			2020	2019
ASSETS				
Cash and Cash Equivalents	\$ 198,354	\$ 121,568	\$ 319,922	\$ 843,599
Certificates of Deposit	-	-	-	103,827
Ad Valorem Taxes Receivable	2,822,898	-	2,822,898	2,423,552
Allowance for Uncollectible Ad Valorem Taxes	(84,687)	-	(84,687)	(72,706)
Other Receivables	7,541	-	7,541	16,069
Due From General Fund	-	3,042	3,042	2,768
Supplies Inventory	1,208	-	1,208	2,558
Deposits	20	-	20	20
Total Assets	<u>\$ 2,945,334</u>	<u>\$ 124,610</u>	<u>\$ 3,069,944</u>	<u>\$ 3,319,687</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 141,254	\$ 60	\$ 141,314	\$ 145,118
Accrued Payroll	13,877	-	13,877	63,445
Payroll Taxes and Related Benefits Payable	3,573	-	3,573	1,959
Due to Primary Government	3,000	-	3,000	3,000
Rental Security Deposits	2,685	-	2,685	7,436
Unearned Revenue	5,993	-	5,993	-
Due to Debt Service Fund	3,042	-	3,042	2,768
Total Liabilities	173,424	60	173,484	223,726
Fund Balances:				
Nonspendable:				
Supplies Inventory	1,208	-	1,208	2,558
Restricted for:				
Debt Service	-	124,550	124,550	183,588
Unassigned	<u>2,770,702</u>	<u>-</u>	<u>2,770,702</u>	<u>2,909,815</u>
Total Fund Balances	<u>2,771,910</u>	<u>124,550</u>	<u>2,896,460</u>	<u>3,095,961</u>
Total Liabilities and Fund Balances	<u>\$ 2,945,334</u>	<u>\$ 124,610</u>	<u>\$ 3,069,944</u>	<u>\$ 3,319,687</u>

The notes to the financial statements are an integral part of this statement.

**RECREATION DISTRICT NO. 3
OF LIVINGSTON PARISH**

RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION

DECEMBER 31, 2020
(With Comparative Totals as of December 31, 2019)

	2020	2019
Total Fund Balances - Governmental Funds	\$ 2,896,460	\$ 3,095,961
Cost of Capital Assets	9,564,279	9,516,240
Less: Accumulated Depreciation	(7,388,862)	(7,171,480)
	2,175,417	2,344,760
Prepaid Insurance	22,611	25,402
Elimination of Interfund Assets and Liabilities:		
Due from General Fund	3,042	2,768
Due to Debt Service Fund	(3,042)	(2,768)
	-	-
Long-Term Liabilities:		
Bonds Payable	(100,000)	(150,000)
Net Pension Liability	(8,416)	(714,057)
Accrued Interest Payable	(1,740)	(2,611)
	(110,156)	(866,668)
Deferred Outflows of Resources Related to Pensions are not Reported in Governmental Funds	296,753	656,734
Deferred Inflows of Resources Related to Pensions are not Reported in Governmental Funds	(390,961)	(43,700)
Net Position	\$ 4,890,124	\$ 5,212,489

The notes to the financial statements are an integral part of this statement.

**RECREATION DISTRICT NO. 3
OF LIVINGSTON PARISH**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2020
(With Comparative Totals for the Year Ended December 31, 2019)

	General Fund	Debt Service Fund	Total Governmental Funds	
			2020	2019
Revenues:				
Ad Valorem Taxes	\$ 2,801,313	\$ -	\$ 2,801,313	\$ 2,669,057
Intergovernmental	6,000	-	6,000	6,000
Interest	37,876	27	37,903	67,766
Charges for Services:				
Day Camp and Before and After School Fees	302,547	-	302,547	618,726
Team Registrations	130,434	-	130,434	245,040
Recreational Center Rental	14,298	-	14,298	26,545
Ballfield Rentals	11,725	-	11,725	21,263
Fitness and Aquatics Center	299,323	-	299,323	636,287
West Livingston Rental	4,000	-	4,000	6,250
Tournament Income	30,140	-	30,140	9,510
The Pines	236,349	-	236,349	134,318
Concessions:				
Subcontracted	12,295	-	12,295	32,741
Internally Controlled	14,044	-	14,044	5,917
Vending Machines	467	-	467	4,660
Sponsorships	15,700	-	15,700	28,900
Miscellaneous	25,327	-	25,327	35,619
 Total Revenues	 3,941,838	 27	 3,941,865	 4,548,599
Expenditures:				
Parks and Recreation Personnel:				
Salaries and Wages	1,809,506	-	1,809,506	2,009,519
Commissioners Per Diem	5,400	-	5,400	7,500
Payroll Taxes	65,538	-	65,538	83,905
Retirement Contributions	155,491	-	155,491	130,370
Health and Life Insurance	127,545	-	127,545	125,718
 Total Expenditures	 2,163,480	 -	 2,163,480	 2,357,012

(CONTINUED)

**RECREATION DISTRICT NO. 3
OF LIVINGSTON PARISH**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2020
(With Comparative Totals for the Year Ended December 31, 2019)

	General Fund	Debt Service Fund	Total Governmental Funds	
			2020	2019
Expenditures (Continued):				
Program Expenses:				
Team Sports	86,499	-	86,499	132,714
Day Camp and Before and After				
School Programs	54,337	-	54,337	133,656
Fitness and Aquatics Center	13,095	-	13,095	50,188
The Pines	17,962	-	17,962	8,065
	171,893	-	171,893	324,623
General Operations:				
Utilities	227,349	-	227,349	274,604
Maintenance and Repairs:				
Buildings and Grounds	101,485	-	101,485	166,828
Fitness and Aquatics Center	84,036	-	84,036	122,245
Vehicles	3,102	-	3,102	3,431
Tractors	28,635	-	28,635	49,249
West Livingston	11,570	-	11,570	16,777
The Pines	40,361	-	40,361	81,682
Insurance	192,411	-	192,411	178,770
Contracted Services	84,958	-	84,958	90,429
Professional Services	43,502	-	43,502	43,598
Concession Expenses:				
Repairs and Small Equipment Purchases	2,926	-	2,926	-
Internally Controlled	16,304	-	16,304	10,765
Vending Machines	3,852	-	3,852	7,430
The Pines	17,248	-	17,248	15,385
Telephone	18,916	-	18,916	18,006
Janitorial Supplies and Service	17,518	-	17,518	19,939
Truck and Tractor - Gas and Oil	15,727	-	15,727	22,452
Sponsorship Expenses	1,372	-	1,372	5,250
Office Supplies	5,500	-	5,500	14,979
Uniforms	9,667	-	9,667	10,410
Advertising	2,343	-	2,343	6,769

(CONTINUED)

**RECREATION DISTRICT NO. 3
OF LIVINGSTON PARISH**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2020
(With Comparative Totals for the Year Ended December 31, 2019)

	General Fund	Debt Service Fund	Total Governmental Funds	
			2020	2019
General Operations (Continued):				
Dues and Subscriptions	275	-	275	1,295
Postage and Freight	1,404	-	1,404	1,297
Miscellaneous	10,662	15	10,677	43,613
Assessors Pension Fund	110,376	-	110,376	105,455
Capital Outlay	48,039	-	48,039	303,631
Intergovernmental Transfer	647,390	-	647,390	643,525
	<u>1,746,928</u>	<u>15</u>	<u>1,746,943</u>	<u>2,257,814</u>
Debt Service:				
Principal Retirement	-	50,000	50,000	50,000
Interest Expense	-	8,750	8,750	12,250
Agent Fee	-	300	300	600
	<u>-</u>	<u>59,050</u>	<u>59,050</u>	<u>62,850</u>
Total Expenditures	<u>4,082,301</u>	<u>59,065</u>	<u>4,141,366</u>	<u>5,002,299</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(140,463)</u>	<u>(59,038)</u>	<u>(199,501)</u>	<u>(453,700)</u>
Net Change in Fund Balances	(140,463)	(59,038)	(199,501)	(453,700)
Fund Balances - Beginning of Year	<u>2,912,373</u>	<u>183,588</u>	<u>3,095,961</u>	<u>3,549,661</u>
Fund Balances - End of Year	<u>\$ 2,771,910</u>	<u>\$ 124,550</u>	<u>\$ 2,896,460</u>	<u>\$ 3,095,961</u>

The notes to the financial statements are an integral part of this statement.

**RECREATION DISTRICT NO. 3
OF LIVINGSTON 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
(With Comparative Totals for the Year Ended December 31, 2019)

	2020	2019
Total Net Change in Fund Balances - Governmental Funds	\$(199,501)	\$(453,700)
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the period:		
Capital Outlays	48,039	303,631
Depreciation Expense	(217,382)	(221,456)
Change in prepaid insurance	(2,791)	4,178
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
General Obligation Bond Principal Repayments	50,000	50,000
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.		
(Increase) Decrease in Net Pension Obligation	(16,069)	(148,387)
Proportionate share of non-employer contributions to the pension plans do not provide current financial resources and, therefore, are not reported as revenues in the governmental funds.		
	14,468	12,294
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.		
	871	870
Change in Net Position of Governmental Activities	\$ (322,365)	\$ (452,570)

The notes to the financial statements are an integral part of this statement.

**RECREATION DISTRICT NO. 3
OF LIVINGSTON PARISH**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2020

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
Revenues:				
Ad Valorem Taxes	\$ 2,750,000	\$ 2,935,000	\$ 2,801,313	\$ (133,687)
Intergovernmental	6,000	6,000	6,000	-
Interest	51,000	45,000	37,876	(7,124)
Charges for Services:				
Day Camp and Before and After School Fees	630,000	306,000	302,547	(3,453)
Team Registrations	254,500	164,203	130,434	(33,769)
Recreational Center Rental	27,000	12,000	14,298	2,298
Ballfield Rentals	23,000	9,500	11,725	2,225
Fitness and Aquatics Center	695,700	310,265	299,323	(10,942)
The Pines	224,000	240,000	236,349	(3,651)
West Livingston Rental	6,500	3,450	4,000	550
Tournament Income	28,000	30,000	30,140	140
Concessions:				
Subcontracted	33,000	9,924	12,295	2,371
Internally Controlled	12,000	13,500	14,044	544
Vending Machines	4,500	1,500	467	(1,033)
Sponsorships	21,000	11,200	15,700	4,500
Miscellaneous	9,700	24,445	25,327	882
Total Revenues	4,775,900	4,121,987	3,941,838	(180,149)
Expenditures:				
Parks and Recreation Personnel:				
Salaries and Wages	2,083,415	1,805,434	1,809,506	(4,072)
Commissioners Per Diem	8,400	5,600	5,400	200
Payroll Taxes	89,500	62,500	65,538	(3,038)
Retirement Contributions	145,300	150,000	155,491	(5,491)
Health and Life Insurance	129,000	131,000	127,545	3,455
	2,455,615	2,154,534	2,163,480	(8,946)

(CONTINUED)

**RECREATION DISTRICT NO. 3
OF LIVINGSTON PARISH**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2020

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
Program Expenses:				
Team Sports	122,560	78,809	86,499	(7,690)
Day Camp and Before and After School Programs	124,000	54,000	54,337	(337)
Fitness and Aquatics Center	51,100	13,557	13,095	462
The Pines	8,500	18,200	17,962	238
	306,160	164,566	171,893	(7,327)
General Operations:				
Utilities	285,000	210,000	227,349	(17,349)
Maintenance and Repairs:				
Buildings and Grounds	140,000	130,000	101,485	28,515
Fitness and Aquatics Center	113,000	67,500	84,036	(16,536)
Vehicles	3,000	5,000	3,102	1,898
Tractors	45,000	35,000	28,635	6,365
West Livingston	30,000	15,000	11,570	3,430
The Pines	65,000	55,000	40,361	14,639
Insurance	182,000	182,000	192,411	(10,411)
Contracted Services	86,010	89,053	84,958	4,095
Professional Services	48,700	42,800	43,502	(702)
Concession Expenses:				
Repairs and Small Equipment				
Purchases	1,000	2,927	2,926	1
Internally Controlled	11,000	14,562	16,304	(1,742)
Vending Machines	6,000	4,500	3,852	648
The Pines	14,000	17,500	17,248	252
Telephone	16,200	18,000	18,916	(916)
Janitorial Supplies and Service	19,000	18,700	17,518	1,182
Truck and Tractor - Gas and Oil	20,000	12,500	15,727	(3,227)
Sponsorship Expenses	5,000	1,375	1,372	3

(CONTINUED)

**RECREATION DISTRICT NO. 3
OF LIVINGSTON PARISH**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2020

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
Office Supplies	12,500	8,500	5,500	3,000
Uniforms	11,000	7,600	9,667	(2,067)
Advertising	5,500	1,100	2,343	(1,243)
Dues and Subscriptions	1,300	275	275	-
Postage and Freight	1,400	1,400	1,404	(4)
Miscellaneous	16,450	10,675	10,662	13
Assessors Pension Fund	98,200	108,000	110,376	(2,376)
Capital Outlay	71,500	48,040	48,039	1
Intergovernmental Transfer	647,390	647,390	647,390	-
	<u>1,955,150</u>	<u>1,754,397</u>	<u>1,746,928</u>	<u>7,469</u>
 Total Expenditures	 <u>4,716,925</u>	 <u>4,073,497</u>	 <u>4,082,301</u>	 <u>(8,804)</u>
Excess of Revenues Over Expenditures	58,975	48,490	(140,463)	(188,953)
 Fund Balance - Beginning of Year	 <u>2,912,373</u>	 <u>2,912,373</u>	 <u>2,912,373</u>	 <u>-</u>
Fund Balance - End of Year	<u>\$ 2,971,348</u>	<u>\$ 2,960,863</u>	<u>\$ 2,771,910</u>	<u>\$ (188,953)</u>

The notes to the financial statements are an integral part of this statement.

**RECREATION DISTRICT NO. 3 OF
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

Note 1 - Organization, Nature of Operations, and Summary of Significant Accounting Policies -

a. Organization and Nature of Operations

Recreation District No. 3 of the Parish of Livingston, State of Louisiana ("the District") was created November 27, 1973, by the Livingston Parish Council, as provided by Louisiana Revised Statute 33:4562. A board of seven commissioners who are appointed by the Livingston Parish Council governs the District. The purpose of the District is to provide playground and other facilities that promote recreation and general health and well-being. The District encompasses approximately 29% of Livingston Parish, Louisiana, and serves approximately 35,000 people. The District operates four recreational facilities referred to as North Park, South Park, West Livingston Playground, and The Pines at North Park.

b. Reporting Entity

The Livingston Parish Council is the financial reporting entity for Livingston Parish, Louisiana. The Livingston Parish Council appoints a voting majority of the District's governing body and can impose its will on the District. Accordingly, the District has been determined to be a component unit of the Livingston Parish Council.

The accompanying financial statements present information only on the activities and funds maintained by the District and do not present information on the Livingston Parish Council, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity for Livingston Parish, Louisiana.

The District has no entities or organizations that are required to be included in its financial report as defined by Governmental Accounting Standards Board (GASB) Statement 61.

c. Basis of Statement Presentation

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) of the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

This financial report has been prepared in conformity with GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments.

**RECREATION DISTRICT NO. 3 OF
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020

d. Fund Accounting

The District uses fund accounting to maintain its financial records and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions relating to certain governmental functions or activities.

A fund is defined as a separate accounting entity with a self-balancing set of accounts. Funds of the District are classified as governmental funds. Governmental funds account for the District's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. The governmental funds presented in the financial statements are described as follows:

Governmental Fund Types

General Fund

The General Fund is the general operating fund of the District and accounts for all financial resources, except those required to be accounted for in other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid for through other funds are paid from the General Fund.

Debt Service Fund

The Debt Service Fund is used to account for accumulation of resources for the payment of general long-term debt principal, interest, and related costs.

e. Measurement Focus/Basis of Accounting

Basic Financial Statements - Government-Wide Financial Statements (GWFS)

The Statement of Net Position and the Statement of Activities display information about the reporting government as a whole. These statements include all the financial activities of the District.

The GWFS were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

**RECREATION DISTRICT NO. 3 OF
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020

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*.

The District does not allocate indirect expenses.

Basic Financial Statements - Governmental Funds

The accounting and financial reporting treatment applied to a fund are determined by its measurement focus. Governmental Funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of Governmental Funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. The General Fund and the Debt Service Fund are considered major funds of the District.

The modified accrual basis of accounting is used by Governmental Funds. 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 (generally 60 days) to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. The Governmental Funds use the following practices in recording revenues and expenditures:

Revenues

Ad valorem taxes are recorded in the year the taxes are due and payable. Generally, ad valorem taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent on January 1 of the following year. The taxes are generally collected in December, January, and February of the fiscal year.

Interest income is composed of interest from interest-bearing demand deposits, from time deposits and from ad valorem taxes. Interest earned on idle cash, cash equivalents, and investments is recorded when the income is both measurable and available.

**RECREATION DISTRICT NO. 3 OF
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020

Intergovernmental revenues are recorded when the income is both measurable and available.

Grant revenues are recorded when the District is entitled to reimbursement of expenditures under the terms of the grant.

Charges for services are recorded as revenue when the fees are collected because they are usually paid at the time the service is rendered.

Other revenues, such as; concession sales, sponsorships, donations, refunds, and miscellaneous revenues are recorded as revenue when the money is received because they are generally not measurable until actually received.

Expenditures

Principal and interest on general long-term obligations are recognized when due. All other expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Other Financing Sources (Uses)

Other financing sources (uses) include the proceeds from the sale of fixed assets and transfers between funds that are not expected to be repaid. Proceeds from the sale of fixed assets are recorded when received and transfers are recorded when the transfer is made. There were no sales or transfers in the current year.

f. Budgetary Policy and Accounting

The District prepares its annual operating budget on the modified accrual basis of accounting, which is consistent with generally accepted accounting principles (GAAP). The District's budget process also has to follow the requirements of state law as set forth by the Louisiana Local Government Budget Act.

The following procedures are used in establishing the budgetary data reflected in the financial statements:

- Before the second Monday of November, the District prepares a budget for the next fiscal year that begins January 1. The operating budget includes proposed expenditures and the means of financing them.
- The board members discuss the proposed budget at the regular meeting of the Board of Commissioners on the second Monday of November and set the date for the special public hearing on the proposed budget.
- The public hearing to review and discuss the budget is held immediately before the regular meeting of the Board of Commissioners on the second Monday in December. The public hearing for the District's 2020 original budget was held on December 9, 2019.

**RECREATION DISTRICT NO. 3 OF
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020

- The budget is adopted at the Board of Commissioners regular monthly meeting immediately following the public hearing.

Once the budget is approved, it can be amended by approval of a majority of the Board of Commissioners. The process of presenting and approving budget amendments follows a procedure similar to the one used to adopt the initial budget. There was one amendment made to the budget that was initially adopted for 2020. The amendment was approved at a regular meeting of the District's Board of Commissioners on December 14, 2020.

All budget appropriations lapse at year-end.

g. Encumbrances

Encumbrances outstanding at year end do not represent GAAP expenditures or liabilities but represent budgetary accounting controls. The Governmental Fund's budget is maintained on the modified accrual basis of accounting except that budgetary basis expenditures include purchase orders and contracts (encumbrances) issued for goods or services not received at year end.

The actual results of operations are presented in accordance with GAAP and the Commission's accounting policies do not recognize encumbrances as expenditures until the period in which the goods or services are actually received and a liability is incurred. At December 31, 2020, the District had no outstanding encumbrances.

h. Inventories

Inventories are valued by management at cost and estimated cost. Inventories consist primarily of equipment fuel. Inventories at year-end are offset by an equal amount of nonspendable fund balance.

i. Cash and Cash Equivalents

Cash includes petty cash, demand deposits, and interest-bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of three months or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States. Cash and cash equivalents are presented at cost in the District's balance sheet.

j. Investments

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 and the District's investment policy. If the original maturities of time deposits exceed three months, they are classified as investments; however, if the original maturities are three months or less, they are classified as cash equivalents.

**RECREATION DISTRICT NO. 3 OF
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020

GASB Statement 72 requires the District to report its investments at fair value in the balance sheet except for investments in non-participating interest-earning contracts, such as non-negotiable certificates of deposit with redemption terms that do not consider market rates. This type of investment is reported using a cost-based measure, provided that the fair value of the contract is not significantly affected by the impairment of the credit standing of the issuer or other factors.

k. Receivables and Payables

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable based on agings and estimated charge-off percentages comprise the trade accounts receivable allowance for uncollectibles. The property tax receivable allowance is equal to three percent of the current year property tax levy.

Property taxes are levied in September or October each year on property values assessed as of the same date. Billed taxes become delinquent on January 1 of the following year, at which time the applicable property is subject to lien, and penalties and interest are assessed.

l. Prepaid Items

Payments for general insurance reflect costs that are applicable to future periods and are recorded as prepaid in the government-wide financial statements. In the fund financial statements, the entire payment is treated as a current expenditure even though future periods benefit from the advance payment.

m. Capital Assets and Depreciation

Capital assets include any land, buildings, major park improvements, equipment, and vehicles owned by the District. All capital assets are valued at historical cost, except for donated assets, which are valued at estimated fair market value at the date of donation. At December 31, 2020 the District had no donated assets. In cases where assets are constructed with borrowed money the interest expense paid on the related debt is capitalized as part of the cost of the asset.

It is the District's policy to capitalize purchases of moveable property costing at least \$1,000 and purchases of real property and major park improvements costing at least \$1,500.

All buildings, major park improvements, equipment and vehicles are depreciated using the straight line method of depreciation over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Park Improvements	10 - 30
Equipment	5 - 25
Vehicles	5

**RECREATION DISTRICT NO. 3 OF
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020

n. Deferred Outflows and Inflows of Resources

The statement of financial position reports a separate section for deferred outflows and (or) inflows of financial resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represents an acquisition of a net position that applies to a future period(s) and so will not be recognized as an inflow of resources until that time.

All of the District's deferred outflows and inflows of resources on the statement of net position are related to pensions. See pension Note 7.

o. Vacation and Sick Leave

Upon completion of one year of service, all full time employees earn from 10 to 20 days of vacation leave each year depending upon the number of years employed. All full-time employees earn from 5 to 10 days of sick leave each year depending upon when they are hired during the year and the number of years employed. Vacation cannot be carried over from year to year or taken in advance. Sick leave can be accumulated up to a maximum of 100 days. Unused vacation or sick leave is not paid to employees when they terminate. Accordingly, the financial statements do not include any liability for compensated absences. The cost of current leave privileges is recognized as a current year expenditure in the General Fund when the leave is actually used.

p. Transfers and Interfund Loans

Transfers are advances between funds that are not expected to be repaid. In those cases where repayment is expected, the advances are accounted for through the various "due from" and "due to" accounts in the fund financial statements. The "due from" and "due to" accounts are eliminated in the government-wide financial statements.

q. Pension

The District is a participating employer in cost-sharing, multiple-employer defined benefit plan as described in Note 7. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of each of the plans, and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. 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.

r. Long-Term Obligations

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

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In the fund financial statements, governmental fund types recognize the face amount of debt issued 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.

s. COVID-19 Pandemic

The COVID-19 outbreak in the United States and globally has caused an economic downturn on a global scale, disrupted global supply chains, and created significant uncertainty, volatility, and disruption across economies and financial markets. Therefore, uncertainty remains regarding the ongoing impact of the COVID-19 outbreak upon the District's financial condition and future results of operations, as well as upon the significant estimates and assumptions that may be utilized in reporting certain assets and liabilities.

t. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 and expenses during the reporting period. Actual results could differ from those estimates, particularly given the significant social and economic disruptions and uncertainties associated with the ongoing COVID-19 pandemic and the COVID-19 control responses, and such differences may be material.

u. Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position invested in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any debt proceeds used for the acquisition, construction, or improvements of those assets. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. All other net position is reported as unrestricted.

v. Fund Balance

In accordance with the provisions of Governmental Accounting Standards Board Statement No. 54, the District presents the following classification of fund balances in the governmental fund financial statements:

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.

Restricted - Amounts that can be spent only for specific purposes because of the state or federal laws, or externally imposed conditions by grantors or creditors.

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Committed - Amounts that can only be used for specific purposes determined by a formal action of the District. These amounts cannot be used for any other purpose unless the District removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed.

Assigned - Amounts that are designated as committed by the District but are not spendable until a budget resolution is passed.

Unassigned - All amounts not included in other spendable classifications; positive amounts are only in the general fund. The District has not adopted a policy to maintain the general fund's unassigned fund balance above a certain minimum balance.

The details of the fund balances are included in the Balance Sheet - Governmental Funds. Restricted funds are used first as appropriate. Assigned Funds are reduced to the extent that expenditure authority has been budgeted by the District or the Assignment has been changed by the District. Decreases to fund balance first reduce Unassigned Fund balance; in the event that Unassigned becomes zero, then Assigned and Committed Fund Balances are used in that order.

x. Summary Financial Information for 2019

The financial statements include certain prior year summarized information in total. Such information does not include sufficient details to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended December 31, 2019, from which the summarized information was derived.

Note 2 - Cash, Cash Equivalents and Investments -

For reporting purposes, cash and cash equivalents include cash, demand deposits, and time certificates of deposit with original maturities of 90 days or less when purchased. If the original maturities of time certificates of deposits exceed three months, they are classified as investments. Under state law the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, any other state in the union, or under the laws of the United States. Further, the District may invest in time deposits or certificates of deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

As confirmed by the fiscal agents, the District had cash and certificates of deposit with maturities less than 90 days totaling \$408,172 with a carrying amount of \$319,922 and certificates of deposit with maturities over 90 days with a confirmed balance and a carrying amount totaling \$-0- at December 31, 2020. Cash, cash equivalents and certificates of deposits are stated at cost, which approximates market. These deposits must be secured under state law by federal deposit insurance or the pledge of securities owned by the bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank. The following is a summary of cash and cash equivalents and certificates of deposit with maturities less than 90 days, and certificates of deposit over 90 days at December 31, 2020:

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	<u>Deposits in Bank Accounts</u>		
	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Total</u>
Book Balance	\$ 319,922	\$ -	\$ 319,922
Bank Balance	\$ 408,172	\$ -	\$ 408,172

Custodial Credit Risk - Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. To mitigate this risk, state law requires for these deposits (or the resulting bank balances) to be secured by federal deposit insurance or the pledge of securities 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 pledged securities are deemed by Louisiana State Law to be under the control and possession and in the name of the District regardless of its designation by the financial institution in which it is deposited. As of December 31, 2020, none of the District's bank balance of \$408,172 was exposed to custodial credit risk.

Note 3 - Ad Valorem Taxes -

On April 23, 2005, the voters, who live within the boundaries of Recreation District No. 3 of Livingston Parish, Louisiana, passed a 15 mill (\$15 per \$1,000 of assessed valuation) ad valorem tax to provide funds for the operation and maintenance of the public parks located within the District. The tax was effective for a ten year period (2006 - 2015). On November 4, 2014 the voters, who live within the boundaries of Recreation District No. 3 of Livingston Parish, Louisiana, passed a renewal of the levy and collection of the 15 mill ad valorem tax for the purpose of operating and maintaining the District. The tax is effective for a period of ten years, beginning in the year 2015 and ending in the year 2025. In addition to this tax, the District can assess a millage (tax) to provide sufficient funds to pay for the principal and interest on a public improvement bond issue that was approved by the voters who lived in the District during 1991. This millage will expire in 2021.

The ad valorem taxes are levied each November 15 on the taxable assessed value listed as of the prior January 1 for all real and business personal property located within the boundaries of Recreation District No. 3. Taxable assessed value represents the appraised value of the property less exemptions allowed by law. The Livingston Parish District periodically determines the appraised values.

As of January 1, 2020, the assessed value of the property located within Recreation District No. 3 of Livingston Parish, Louisiana, was \$202,234,254. For 2020, the District elected to assess 14.13 mills to finance the maintenance and operations of the parks. In addition, management determined that a 0 mill assessment was needed to satisfy the payment of interest on the public improvement bonds. Accordingly, a total of 14.13 mills was assessed for 2020.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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Taxes are due on November 15, the levy date, and they become delinquent on the following January 1. The taxes are generally collected in December of the current year and January through March of the following year. During late April or May, of the year following the year the tax was levied, the Sheriff's office sends out delinquent notices to the property owners. Soon after the Sheriff has mailed the delinquent notices, he will publish them in the newspaper. After a second publication in the newspaper and at least 30 days from the date of the first publication, the property is advertised for auction. The auction usually takes place in June or July. Properties sold at auction have liens placed on them by their buyers. The Parish will put a lien on any properties not sold at the auction.

Delinquent tax collections are prorated between maintenance and debt service based on the rates adopted by the District for the year the particular levy was assessed. Management has based the allowances for uncollectible ad valorem taxes for the General and Debt Service Funds using historical experience in collecting the taxes and adjusting for allowances of prior years not used by the end of the current year. Historically, approximately 97% of the taxes have been collected. Total taxes assessed and taxes receivable at December 31, 2020, are as follows:

	<u>General Operations 14.13 Mills</u>	<u>Debt Service 0.00 Mill</u>	<u>Total</u>
<u>Revenues:</u>			
2020 Ad Valorem Tax Assessed	\$ 2,857,570	\$ -	\$ 2,857,570
Add (Less): Current Allowance for Uncollectible Taxes	(84,687)	-	(84,687)
Prior Year Collections in Excess of Net Receivable	<u>28,430</u>	<u>-</u>	<u>28,430</u>
Net Ad Valorem Tax Revenue	<u>\$ 2,801,313</u>	<u>\$ -</u>	<u>\$ 2,801,313</u>
<u>Receivable:</u>			
2020 Property Tax Assessed	\$ 2,857,570	\$ -	\$ 2,857,570
Less: Current Year Taxes Collected in 2020	<u>(34,672)</u>	<u>-</u>	<u>(34,672)</u>
Total Property Taxes Receivable at December 31, 2020	2,822,898	-	2,822,898
Less: Allowance for Uncollectible Accounts	<u>(84,687)</u>	<u>-</u>	<u>(84,687)</u>
Net Property Tax Receivable at December 31, 2020	<u>\$ 2,738,211</u>	<u>\$ -</u>	<u>\$ 2,738,211</u>

Note 4 - Interfund Receivables and Payables -

From time to time, the District may pay for certain fees with general funds rather than with debt service funds as a matter of convenience. The fund will then reimburse the other fund for amounts advanced on its behalf. As a result, the manner in which cash is spent and received creates short-term interfund loans. A summary of these interfund loans at year-end is as follows:

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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	Due to Debt Service Fund	Due from General Fund
General Fund	\$ 3,042	\$ -
Debt Service Fund	-	3,042
Total	\$ 3,042	\$ 3,042

Note 5 - Changes in Capital Assets -

A summary of changes in capital assets follows:

	Balance December 31, 2019	Additions	Deletions	Balance December 31, 2020
<u>Governmental Activities:</u>				
Capital Assets not being Depreciated:				
Land	\$ 728,589	\$ -	\$ -	\$ 728,589
Construction in Progress	-	-	-	-
Total Capital Assets not being Depreciated	728,589	-	-	728,589
Capital Assets being Depreciated:				
Buildings	2,795,583	-	-	2,795,583
Park Improvements	4,332,632	-	-	4,332,632
Vehicles	144,708	-	-	144,708
Equipment and Furniture	1,514,728	48,039	-	1,562,767
Total Capital Assets being Depreciated	8,787,651	48,039	-	8,835,690
Less: Accumulated Depreciation for:				
Buildings	2,031,815	69,443	-	2,101,258
Park Improvements	3,733,955	95,086	-	3,829,041
Vehicles	144,224	483	-	144,707
Equipment and Furniture	1,261,486	52,370	-	1,313,856
Total Accumulated Depreciation	7,171,480	217,382	-	7,388,862
Total Capital Assets being Depreciated, Net	1,616,171	(169,343)	-	1,446,828
Total Governmental Activities Capital Assets, Net	\$2,344,760	\$ (169,343)	\$ -	\$2,175,417

Depreciation expense of \$217,382 was charged to the General Operations function in the Statement of Activities.

**RECREATION DISTRICT NO. 3 OF
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020

Note 6 - Changes in General Long-Term Debt -

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

Long-term debt at December 31, 2019	\$ 150,000
Additions	-
Repayments	<u>(50,000)</u>
Long-term debt payable at December 31, 2020	<u>\$ 100,000</u>

The long-term debt at year-end, consists of the unpaid principal of public improvement bonds that were originally issued April 1, 1992. At year-end, there were outstanding interest payments totaling \$7,000. The remaining bonds will mature from 2021 to 2022 at interest rate of 7.00% percent per annum. The bonds are secured by an ad valorem tax on real and business personal property within Recreation District No. 3 of Livingston Parish.

The annual requirements to amortize the remaining bonds outstanding are as follows:

<u>Year Ending</u>	<u>Yearly Payments</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2021	\$ 50,000	\$ 5,250	\$ 55,250
2022	<u>50,000</u>	<u>1,750</u>	<u>51,750</u>
	<u>\$ 100,000</u>	<u>\$ 7,000</u>	<u>\$ 107,000</u>

Note 7 - Retirement Plan -

The District follows the requirements of GASB Statement 68. Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27 and GASB Statement 71, Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment to GASB 68. These standards revise and establish new financial reporting requirements for governments that provide their employees with pension benefits. These standards require the District to record its proportionate share of each of the pension plans net pension liability and report the following disclosures:

General Information about the Pension Plan

Parochial Employees Retirement System of Louisiana Plan Description:

Twenty-nine of the District's employees are members of the Parochial Employees' Retirement System (PERS) - Plan "A", a cost-sharing multiple-employer defined benefit plan administered by the Parochial Employees' Retirement System of Louisiana. PERS was established and provided for by R.S. 11:1901 of the Louisiana Revised Statute. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. PERS issues a publicly available financial report that can be obtained at www.persla.org.

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Benefits Provided:

The following is a description of the plan and their benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

1. Retirement

All permanent parish government employees (except those employed by Orleans, Lafourche and East Baton Rouge Parishes) who work at least 28 hours a week shall become members on the date of employment. New employees meeting the age and Social Security criteria have up to 90 days from the date of hire to elect to participate. As of January 1997, elected officials, except coroners, justices of the peace, and parish presidents may no longer join the System. Any member of Plan A can retire providing he/she meets one of the following criteria:

For employees hired prior to January 1, 2007:

- 1 - Age 55 with thirty (30) 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 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 for any member of Plan A shall consist of an amount equal to two percent of the members' final average compensation multiplied by his years of creditable service. However, under certain conditions, as outlined in the statutes, the benefits are limited to specified amounts.

2. Survivor Benefits

Upon the death of any member of Plan A with five (5) or more years of service who is not eligible for retirement, the plan provides for benefits for the surviving spouse and minor children, as outlined in the statutes.

Any member of Plan A, who is eligible for normal retirement at time of death, the surviving spouse shall receive an automatic Option 2 benefit, as outlined in the statutes.

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3. Deferred Retirement Option Plan

Act 338 of 1990 established the Deferred Retirement Option Plan (DROP) for the Retirement 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 or B who is eligible to retire may elect to participate in the Deferred Retirement Option Plan (DROP) in which they are enrolled for three years and defer the receipt of benefits. During participation in the plan, 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. 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 that 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 Deferred Retirement Option Plan 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.

4. Disability Benefits

For Plan A, a member shall be eligible to retire and receive a disability benefit if he/she was 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 three percent of the member's final average compensation multiplied by his years of service, not to be less than fifteen, or three percent multiplied by years of service assuming continued service to age of sixty.

5. Cost of Living Increases

The Board is authorized to provide a cost of living allowance for those retirees who retired prior to July 1973. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. In addition, the Board may provide an additional cost of living increase to all retirees and beneficiaries who are over age sixty-five equal to 2% of the member's benefit paid on October 1, 1977, (or the

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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member's retirement date, if later). Also, the Board may provide a cost of living increase up to 2.5% for retirees 62 and older. (RS 11:1937). Lastly, Act 270 of 2009 provided for further reduced actuarial payments to provide an annual 2.5% cost of living adjustment commencing at age 55.

Contributions:

According to state statute, contributions for all employers are actuarially determined each year. The District's required contribution rate for the period January 1, 2020 to December 31, 2020 was 12.25%. Employees were required to contribute 9.50% of their annual salary for the applicable period. Contributions to PERS from the District were \$155,491 for the year ended December 31, 2020.

According to state statute, PERS also receives $\frac{1}{4}$ of 1% of ad valorem taxes collected within the respective parishes, except for Orleans and East Baton Rouge parishes. PERS also receives revenue sharing funds each year as appropriated by the Legislature. Tax monies and revenue sharing monies are apportioned between Plan A and Plan B in proportion to the member's compensation. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities. The amount of non-employer contributions recognized as revenue in the government-wide governmental activities statement of activities was \$14,468 for the year ended December 31, 2020.

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

At December 31, 2020, the District reported an liability of \$8,416 for its proportionate share of the net pension asset of PERS. For PERS, the net pension asset was measured as of December 31, 2019 and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. The District's proportion of the net pension asset was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2019, the District's proportion was 0.178789% for PERS which was an increase of .017906% from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the District recognized pension expense of \$171,724 for PERS.

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At December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 75,345
Changes in assumptions	117,546	-
Net difference between projected and actual earnings on pension plan investments	-	315,491
Changes in proportion and differences between Employer contributions and proportionate share of contributions	23,716	125
Employer contributions subsequent to the measurement date	155,491	-
Total	\$ 296,753	\$ 390,961

\$155,491 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended December 31:</u>	
2021	\$ (51,927)
2022	(70,420)
2023	14,689
2024	(142,041)
	\$ (249,699)

Actuarial Assumptions:

A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2019 for PERS are as follows:

	PERS
Inflation	2.40%
Salary increases	4.75% including inflation
Investment rate of return	6.50% (net of investment expense, including inflation)

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For PERS, mortality rates were based on RP-2000 Employee Mortality Table for active members; RP-2000 Healthy Annuitant Mortality Table was selected for healthy annuitants and beneficiaries; and RP-2000 Disabled Lives Mortality Table was selected for disabled annuitants.

For PERS' cost of living adjustments, the present value of future retirement benefits is based on benefits currently being paid by the Systems and includes previously granted cost of living increases. The present values do not include provisions for potential future increase not yet authorized by the Board of Trustees.

For PERS, 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 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.18% for the year ended December 31, 2019. 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, 2019 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Fixed Income	35.0%	1.05%
Equity	52.0%	3.41%
Alternatives	11.0%	0.61%
Real Assets	2.0%	0.11%
Total	100.0%	5.18%
Inflation		2.00%
Expected Arithmetic Nominal Return		7.18%

Discount Rate:

The discount rate used to measure the total pension liability was 6.50% for PERS which is the same from the prior measurement date of December 31, 2018. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions from participating employers and non-employer contributing entities will be made at actuarially determined rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the pension plans'

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fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive 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.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate as of December 31, 2019 for PERS:

	Changes in Discount Rate		
	1% Decrease	Current	1% Increase
		5.50%	
	\$ 909,659	\$ 8,416	\$ (746,807)
Net pension liability (asset)			

Pension Plan Fiduciary Net Position

PERS issued a stand-alone audit report on its financial statements for the year ended December 31, 2019. Access to the audit report can be found on the System's website: www.persla.org or on the Office of Louisiana Legislative Auditor's official website: www.la.state.la.us.

Payables to Pension Plan

There was a no payable to PERS at December 31, 2020.

Note 8 - Per Diem Paid Board Members -

Each member of the Board of Commissioners is eligible to receive a per diem allowance of \$100 for attending each regular or special meeting of the board, not to exceed 24 meetings in one calendar year. Per diems paid to the board members for this year were as follows:

<u>Commissioner</u>	<u>Number of Meetings</u>	<u>Amount Received</u>
Julie Dyason-Norris	8	\$ 800
Jay Mallett	7	700
Arthur Perkins	4	400
Ryan Harris	7	700
Jeffery Wade	8	800
Sharon Elliott	9	900
DJ Ramirez	3	300
Karen Anderson	8	800
Total		\$ 5,400

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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Note 9 - Income Taxes -

The District is exempt from all Federal and Louisiana income taxes.

Note 10 - Risk Management -

The District is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. The District has purchased commercial insurance to cover or reduce the risk of loss that might arise should one of these incidents occur. There have been no significant reductions in coverage from the prior year. No settlements were made during the current fiscal year that exceeded the District's insurance coverage.

The District's management has not purchased commercial insurance or made provision to cover or reduce the risk of loss, as a result of business interruption and certain acts of nature, like flood or earthquakes.

The District also does not carry general liability insurance on the parks and playgrounds because it has been unable to obtain coverage at a cost it considers to be economically justifiable. Accordingly, management has opted to self-insure for this type of risk. The District has not had to settle or pay any claims for incidents where it was uninsured. The District does carry a general liability policy for the Fitness and Aquatics Center, Public buildings, and for any District Sponsored sports events.

Note 11 - Commitment -

On July 30, 2008, the Board of Commissioners of the District 3 voted to adopt a Resolution requesting for the Parish of Livingston to proceed with a bond issue not to exceed \$9,000,000 through the Louisiana Local Government Environmental Facilities and Community Development Authority in order to provide funds for the District to acquire, design, construct, and develop public parks, playgrounds, and recreational properties and facilities within the District. The Board of Commissioners also voted to authorize entering into a Local Service Agreement between the Parish of Livingston and the District, in accordance with the provisions of Louisiana Revised Statutes 33:1321 - 1337, which provides for financing agreements between political subdivisions. On September 23, 2008 the Board voted to authorize the sale of \$8,635,000 in bonds for the facility expansion and other costs related to the issuance of the debt. These bonds were issued on October 1, 2008 with scheduled maturities through 2038. The bonds were issued in the name of the Livingston Parish Council and are recorded on the books of the Livingston Parish Council. The Livingston Parish Council administered the construction funds as they were spent on the construction of the new recreational facilities. According to the provisions of the Local Service Agreement, the Parish agreed to deposit the proceeds of the bonds into a construction account to enable the District to finance the Projects, fund the reserve fund for the bonds and pay the cost of issuance of the bonds while the District agreed to pay the payment obligations to the Trustee, on behalf of the Parish, in accordance with the debt covenant requirements of the loan from current ad valorem tax revenues. The various projects related to this bond issue were completed during 2011.

**RECREATION DISTRICT NO. 3 OF
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020

On April 14, 2014, the Board of Commissioners of the District 3 voted to adopt a Resolution requesting for the Parish of Livingston to proceed with a bond issue not to exceed \$9,750,000 through the Louisiana Local Government Environmental Facilities and Community Development Authority in order to provide funds to refund all or a portion of the outstanding Revenue Bonds, Series 2008, and to authorize entering into a Local Service Agreement between the Parish of Livingston and the District, in accordance with the provisions of Louisiana Revised Statutes 33:1321 - 1337, which provides for financing agreements between political subdivisions. On June 19, 2014, the Livingston Parish Council issued \$9,195,000 Local Government Environmental Facilities and Community Development Authority Revenue Refunding Bonds (Livingston Parish, Louisiana – North Park Project), Series 2014 for the purpose of refunding a portion of the 2008 Series Bonds maturing in the years 2025-2038 (including all sinking fund payments associated therewith), funding the Reserve Fund for the Bonds, and paying the costs of issuance of the Bonds. The net proceeds of \$8,918,119 were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2008 Series bonds. As a result, \$7,140,000 of the 2008 Series Bonds were considered in-substance defeased and the District no longer has a commitment for the defeased portion of 2008 Series Bonds. At December 31, 2020, there are no defeased bonds outstanding.

For the year ended December 31, 2020, a total of \$647,390 was paid by the District to the Livingston Parish Council for sinking fund payments. As of December 31, 2020, a total of \$10,807,122 is outstanding and due to the Livingston Parish Council and is anticipated to be paid to the trustee on behalf of the Livingston Parish Council by the District by the end of 2038 as provided by the Local Service Agreements.

For the Series 2014 Bonds, the annual requirements of principal and interest and for sinking fund payments from operations per the Local Service Agreements are as follows:

**RECREATION DISTRICT NO. 3 OF
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020

<u>Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Annual Sinking Fund Requirements</u>
2021	\$ 340,000	\$ 307,465	\$ 647,465	\$ 647,415
2022	350,000	297,265	647,265	647,140
2023	360,000	286,765	646,765	646,565
2024	370,000	275,965	645,965	645,690
2025	380,000	264,865	644,865	644,515
2026-2030	2,100,000	1,121,525	3,221,525	3,222,175
2031-2025	2,545,000	684,195	3,229,195	3,228,475
2036-2038	1,785,000	148,420	1,933,420	1,772,624
	<u>\$ 8,230,000</u>	<u>\$ 3,386,465</u>	<u>\$ 11,616,465</u>	11,454,599
Less:				
Contribution to Debt				
Service Reserve Fund				<u>(647,477)</u>
Total Remaining Commitment				<u>\$ 10,807,122</u>

Note 12 - Schedule of Compensation, Benefits and Other Payments to Agency Head -

In accordance with Louisiana Revised Statute 24:513A, the following is a Schedule of Compensation and Benefits received by Gary Templeton, Recreation District No. 3 Superintendent, who was the acting agency head for the year ended December 31, 2020:

	<u>Gary Templeton</u>
Salary	\$ 77,380
Benefits - Insurance	5,375
Benefits - Retirement	<u>9,479</u>
Total Compensation	<u>\$ 92,234</u>

Note 13 - Current Accounting Pronouncements -

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

**RECREATION DISTRICT NO. 3 OF
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020

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, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged. Leases should be recognized and measured using the facts and circumstances that exist at the beginning of the period of implementation (or, if applied to earlier periods, the beginning of the earliest period restated). However, lessors should not restate the assets underlying their existing sales-type or direct financing leases. Any residual assets for those leases become the carrying values of the underlying assets.

In June 2018, the Governmental Accounting Standards Board issued GASB Statement No 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement 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. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

Management is currently evaluating the effects of the new GASB pronouncements.

Note 14 - Subsequent Events -

Management has evaluated subsequent events and transactions for potential recognition or disclosures in the financial statements through June 14, 2021, the date which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**RECREATION DISTRICT NO. 3
OF LIVINGSTON PARISH**

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY

FOR THE YEAR ENDED JUNE 30, 2020*

Fiscal Year	Employer's Proportion of the Net Pension (Asset) Liability	Employer's Proportionate Share of the Net Pension (Asset) Liability	Employer's Covered- Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
Parochial Employees' Retirement System of Louisiana:					
2015	0.13839%	\$ 37,773	\$ 764,665	4.94%	99.15%
2016	0.14836%	390,534	850,654	45.91%	92.23%
2017	0.14974%	308,384	888,019	34.73%	94.15%
2018	0.15184%	(112,702)	934,592	(12.06)%	101.98%
2019	0.16088%	714,056	989,052	72.20%	88.86%
2020	0.17879%	8,416	1,133,659	0.74%	99.89%

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

*The amounts presented were determined as of the calendar year-end that occurred within the fiscal year.

See independent auditor's report.

**RECREATION DISTRICT NO. 3
OF LIVINGSTON PARISH**

SCHEDULE OF CONTRIBUTIONS

FOR THE YEAR ENDED JUNE 30, 2020*

<u>Fiscal Year</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Employee Payroll</u>	<u>Contributions as a % of Covered Employee Payroll</u>
Parochial Employees' Retirement System of Louisiana:					
2015	\$ 123,345	\$ 123,345	\$ -	\$ 850,654	14.50%
2016	115,622	115,622	-	888,019	13.02%
2017	116,824	116,824	-	934,592	12.50%
2018	113,741	113,741	-	989,052	11.50%
2019	130,371	130,371	-	1,133,659	11.50%
2020	155,491	155,491	-	1,269,310	12.25%

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

*The amounts presented were determined as of the fiscal year.

See independent auditor's report.

**RECREATION DISTRICT NO. 3 OF
LIVINGSTON PARISH**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2020

Parochial Employees' Retirement System of Louisiana:

Changes in Actuarial Assumptions

There were no changes of benefit assumptions for the year ended December 31, 2019, 2018, 2017, 2016, and 2015.

Other changes are as follows:

<u>Valuation Date</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Investment Rate of Return	6.50%	6.50%	6.75%	7.00%	7.00%
Inflation Rate	2.40%	2.40%	2.50%	2.50%	2.50%
Projected Salary Increase	4.75%	4.75%	5.25%	5.25%	5.25%
	(2.40%	(2.40%	(2.50%	(2.50%	(2.50%
	Inflation,	Inflation,	Inflation,	Inflation,	Inflation,
	2.35% Merit)	2.35% Merit)	2.75% Merit)	2.75% Merit)	2.75% Merit)

See independent auditor's report.

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



2322 Tremont Drive • Baton Rouge, LA 70809
178 Del Orleans Avenue, Suite C • Denham Springs, LA 70726
650 Poydras Street, Suite 1200 • New Orleans, LA 70130
Phone: 225.928.4770 • Fax: 225.926.0945
www.htbcpa.com

INDEPENDENT AUDITOR'S 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
Recreation District No. 3 of Livingston Parish
Denham Springs, 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, each major fund, and the budgetary comparison statement of the General Fund of the Recreation District No. 3 of Livingston Parish, (the District) a component unit of the Livingston Parish Council, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 14, 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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,

Hannis T. Bourgeois, LLP

Denham Springs, Louisiana
June 14, 2021

**RECREATION DISTRICT NO. 3 OF
LIVINGSTON PARISH**

SCHEDULE OF FINDINGS AND RESPONSES

FOR THE YEAR ENDED DECEMBER 31, 2020

A. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? _____ Yes x No
- Significant deficiencies identified? _____ Yes x No

Noncompliance material to financial statements noted? _____ Yes x No

B. Internal Control Over Financial Reporting

None

C. Compliance and Other Matters

None

**RECREATION DISTRICT NO. 3 OF
LIVINGSTON PARISH**

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2020

A. Internal Control Over Financial Reporting

None

B. Compliance and Other Matters

None