

Recreation District No. 3 of Tangipahoa Parish  
Amite, Louisiana

Annual Financial Statements

As of and for the Year Ended December 31, 2020  
With Supplementary Information



**BRUCE HARRELL & COMPANY**  
CERTIFIED PUBLIC ACCOUNTANTS  
A Professional Accounting Corporation

**RECREATION DISTRICT NO. 3 OF TANGIPAHOA PARISH  
(A Component Unit of the Tangipahoa Parish Government)**

Annual Financial Report  
As of and for the Year Ended December 31, 2020

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## **Independent Auditor's Report**

To the Board Members of the  
Recreation District No. 3 of Tangipahoa Parish  
Amite, Louisiana

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of the Recreation District No. 3 of Tangipahoa Parish, (the "District") component unit of the Tangipahoa Parish Government, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

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

# **BRUCE HARRELL & COMPANY**

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Recreation District No. 3 of Tangipahoa Parish, as of December 31, 2020, and the respective changes in financial position, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## ***Prior Period Adjustment***

As discussed in Note 12 to the accompanying financial statements, in the current year the District restated its financial statements for the year ending December 31, 2019 to record deferred inflow of resources in the General Fund for revenue not available. As part of our audit of the 2020 financial statements, we also audited the adjustments described in Note 12 that were applied to restate the 2019 financial statements. Our opinion on the financial statements referred to above for the year ending December 31, 2020 is not modified with respect to this matter.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 25 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.

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CERTIFIED PUBLIC ACCOUNTANTS

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Management has omitted the management's discussion and analyses that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

## *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Recreation District No. 3 of Tangipahoa Parish's basic financial statements. The accompanying schedules listed as Other Supplementary Information in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying schedules listed as Other Supplementary Information in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying schedules listed as Other Supplementary Information in the table of contents are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2021, on our consideration of the Recreation District No. 3 of Tangipahoa Parish's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not provide an opinion on 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 Recreation District No. 3 of Tangipahoa Parish's internal control over financial reporting and compliance.



Bruce Harrell & Company, CPAs  
A Professional Accounting Corporation  
Kentwood, LA

June 29, 2021

**BASIC FINANCIAL STATEMENTS**

Recreation District No. 3 of Tangipahoa Parish  
(A Component Unit of the Tangipahoa Parish Government)

Statement A

Statement of Net Position  
December 31, 2020

Governmental  
Activities

**Assets**

Current Assets:		
Cash and Cash Equivalents	\$	723,092
Restricted Assets:		
Cash and Cash Equivalents		269,993
Accounts Receivable, Net		640,627
Capital Assets:		
Land and Construction in Progress		3,094,541
Other Capital Assets, net of depreciation		278
Total Assets		<u>4,728,531</u>

**Deferred Outflow of Resources**

Deferred charge on refunding		576,726
Total Deferred Outflow of Resources		<u>576,726</u>

**Liabilities**

Accounts Payable		257,800
Accrued Interest - Payable from restricted assets		39,883
Pension Fund Mandate Payable - Payable from restricted assets		18,142
Long - Term Debt - Current		91,475
Long - Term Debt - Non Current		3,667,229
Total Liabilities		<u>4,074,529</u>

**Net Position**

Net Investment in Capital Assets		(151,782)
Restricted for Debt Service and Capital Projects		660,847
Unrestricted		721,663
Total Net Position	\$	<u>1,230,728</u>

The accompanying notes are an integral part of this statement.

Recreation District No. 3 of Tangipahoa Parish  
(A Component Unit of the Tangipahoa Parish Government)

Statement B

STATEMENT OF ACTIVITIES  
For the year ended December 31, 2020

Governmental Activities

**Expenses**

Parks and Recreation services:

Salaries	\$	12,000
Payroll Taxes		1,044
Auditing		6,500
Accounting		16,802
Legal		12,813
Insurance		994
Contract Labor		1,500
Office Expense		501
Official Journal		747
Per Diem - Board		1,025
Website Design		9,400
Utilities		348
Pension Fund Mandate		18,142
Interest Expense		185,463
Depreciation Expense		166
Total Expense		267,445

**Program Revenues**

Parks and Recreation services:

Fees, Fine, and Other Charges for Service		-
Capital Grant		152,262

Total Program Revenues		152,262
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Net Program (Expenses)		(115,183)
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**General Revenues**

Ad Valorem Taxes		471,840
State Revenue Sharing		18,306
Interest Earnings		11,296

Total General Revenues		501,442
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Change in Net Position		386,259
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<b>Net Position - Beginning of year</b>		844,469
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<b>Net Position - End of year</b>	\$	1,230,728
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The accompanying notes are an integral part of this statement.



Recreation District No. 3 of Tangipahoa Parish  
(A Component Unit of the Tangipahoa Parish Government)

Statement C

Balance Sheet  
Government Fund  
December 31, 2020

		<u>General Fund</u>
<b>Assets</b>		
Cash and Cash Equivalents	\$	723,092
Accounts Receivable, Net		640,627
Restricted Cash and Cash Equivalents		269,993
Total Assets	\$	<u>1,633,712</u>
 <b>Liabilities</b>		
Accounts Payable	\$	257,800
Pension Fund Mandate Payable		18,142
Total Liabilities		<u>275,942</u>
 <b>Deferred Inflow of Resources</b>		
Ad Valorem taxes – unavailable		23,633
Grant Funds – unavailable		120,645
Total Deferred Inflow of Resources		<u>144,278</u>
 <b>Fund Balance</b>		
Restricted for Debt Service and Capital Projects		892,478
Unassigned		321,014
Total Fund Balances		<u>1,213,492</u>
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	\$	<u>1,633,712</u>

The accompanying notes are an integral part of this statement.

Recreation District No. 3 of Tangipahoa Parish  
(A Component Unit of the Tangipahoa Parish Government)

Statement D

Reconciliation of the Governmental Fund Balance Sheet to  
the Government - Wide Statement of Net Position  
December 31, 2020

**Total Fund Balance, Governmental Fund (Statement C)** \$ 1,213,492

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. These assets consist of:

Governmental capital assets, net of depreciation 3,094,819

Deferred outflows of resources are not available to pay for current - period expenditures and, therefore are not reported in the governmental funds statements. 576,726

Receivables not available to pay current period expenditures are deferred inflow of resources in the governmental funds. 144,278

Some liabilities are not due and payable from current resources therefore, are not reported in the governmental funds:

Accrued Interest (39,883)  
Limited Tax Revenue and Refunding Bonds payable (3,720,000)  
Premium on Bonds payable (38,704)

**Net Position of Governmental Activities (Statement A)** \$ 1,230,728

The accompanying notes are an integral part of this statement.

Recreation District No. 3 of Tangipahoa Parish  
(A Component Unit of the Tangipahoa Parish Government)

Statement E

Statement of Revenues, Expenditures, and Changes in Fund Balance  
Governmental Fund  
For the Year Ended December 31, 2020

		<u>General Fund</u>
<b>Revenues</b>		
Ad Valorem Taxes	\$	471,182
State Revenue Sharing		18,306
Interest Income		11,296
Grant Revenues		31,617
Total Revenues		532,401
 <b>Expenditures</b>		
Parks and Recreations:		
Salaries		12,000
Payroll Taxes		1,044
Auditing		6,500
Accounting		16,802
Legal		12,813
Insurance		994
Contract Labor		1,500
Office Expense		501
Official Journal		747
Per Diem - Board		1,025
Website Design		9,400
Utilities		348
Pension Fund Mandate		18,142
Debt Service - Principal		85,000
Debt Service - Interest		165,403
Capital Outlay		1,495,380
Total Expenditures		1,827,599
 <b>Net Change in Fund Balance</b>		 (1,295,198)
Fund Balance - Beginning of the Year, restated (See Note 12)		2,508,690
Fund Balance - End of the Year	\$	1,213,492

The accompanying notes are an integral part of this statement.

Recreation District No. 3 of Tangipahoa Parish  
(A Component Unit of the Tangipahoa Parish Government)

Statement F

Reconciliation of the Statement of Revenues, Expenditures,  
and Changes in Fund Balance of Governmental Fund  
to the Statement of Activities

For the Year Ended December 31, 2020

<b>Net Change in Fund Balance - Total Governmental Funds (Statement E)</b>	\$	(1,295,198)
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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 and reported as depreciation expense. These differences consist of:

Capital outlay	1,495,380	
Less: Current Year Depreciation	(166)	1,495,214

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	121,303
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The issuance of long-term debt provides current financial resources to the governmental funds, but issuing debt increases long term liabilities in the statement of net position. Repayment of the principal of long term debt consumes the current financial resources of the governmental fund, but the repayment reduces long term liabilities in the statement on net position. Neither transaction, however, has any effect on net position.

Repayment of bond principal	85,000
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Interest expense differs from the amount reported in governmental funds as follows:

In the statement of activities, interest is accrued on outstanding debt, whereas in governmental funds, an interest expenditure is reported when due.	435
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Deferred outflow of resources related to the advance refunding of debt is being amortized (and recorded to interest expense).	(21,970)
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Bond premiums are being amortized (and recorded to interest expense)	1,475
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<b>Change in Net Position of Governmental Activities (Statement B)</b>	\$	<b>386,259</b>
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The accompanying notes are an integral part of this statement.

**NOTES TO THE FINANCIAL STATEMENTS**

**Recreation District No. 3 of Tangipahoa Parish**  
(A Component Unit of the Tangipahoa Parish Government)

**NOTES TO THE FINANCIAL STATEMENTS**  
As of and for the Year Ended December 31, 2020

Recreation District No. 3 of Tangipahoa Parish (District), was created by ordinance of the Tangipahoa Parish Council on June 9, 1997, "...as a recreation district to consist of territorial lands and property, both real and personal in the parish, under and by virtue of the authority conferred by chapter 11, Title 33 of the Louisiana Revised Statutes of 1950 and other constitutional and statutory authority supplemental thereto, a Recreation District's hereby created within the Parish of Tangipahoa Parish, State of Louisiana."

The District contains within its limits one municipality, the Town of Amite City. The governing body of this municipality has given consent to the inclusion of such municipality in the District. The District shall be and is a political subdivision of the State of Louisiana, within the meaning of the constitution and statutes of the State relating to incurring debt and issuing bonds therefore.

The objectives and purposes of the District are to own and operate playgrounds and other facilities and to engage in activities that would promote recreation and any related activity designed to encourage recreation and promote the general health and well-being of youths and all of the goals and purposes authorized by law. Major revenues for the District include ad valorem taxes and state revenue sharing. Major expenditures of the District include capital outlay and debt service.

**1. Summary of Significant Accounting Policies**

**A. Basis of Presentation**

The accounting and reporting policies of the District conform to generally accepted accounting principles (GAAP) as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Such accounting and reporting procedures also conform to LRS 24:513 and to the guidance set forth in the Louisiana *Governmental Audit Guide*, and to the industry audit guide, *Audits of State and Local Governmental Units*.

This financial report has been prepared in conformity with GASB Statement 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended. However, management has elected to not present the Management's Discussion and Analysis.

**B. Financial Reporting Entity**

All board members of the District are appointed by the Tangipahoa Parish Government. As the governing authority of the parish, for reporting purposes, the Tangipahoa Parish Government is the financial reporting entity for Tangipahoa Parish. The financial reporting entity consists of (a) primary government (parish council), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Because the board members of the District are appointed by the Tangipahoa Parish Government, the District was determined to be a component unit of the Tangipahoa Parish Government, the financial reporting entity.

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

**C. 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 related to certain District functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

Recreation District No. 3 of Tangipahoa Parish  
(A Component Unit of the Tangipahoa Parish Government) - continued

Notes to the Financial Statements  
As of and for the Year Ended December 31, 2020

*Governmental funds*

Governmental funds account for all of the District's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets, deferred outflows of resources, liabilities, and deferred inflow of resources is reported as fund balance. In general, fund balance represents the accumulated expendable resources that may be used to finance future period programs or operations of the District. The District's only fund, the general fund, is classified as a governmental type activity.

D. Measurement Focus / Basis of Accounting

*Basic Financial Statements – Government-Wide Financial Statements*

The Statement of Net Position and the Statement of Activities display information about the District as a whole. These statements include all the non-fiduciary activities of the District. Information contained in these statements reflects 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*.

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. 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 and (2) grant and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, interest earnings, and other revenues not properly included among program revenues are reported instead as general revenues. The District does not allocate indirect expenses.

The District previously implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB Statement No. 63, effective for financial statement periods ending after December 15, 2012, provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined *Deferred Outflows of Resources* as a consumption of net position by the government that is applicable to a future reporting period, and *Deferred Inflows of Resources* as an acquisition of net position by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. GASB Concepts Statement 4 identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The definition and reporting of net position is further described in *Note 1K - Net Position*.

The District also previously implemented GASB Statements No. 65, *Items Previously Reported as Assets and Liabilities*. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

Recreation District No. 3 of Tangipahoa Parish  
(A Component Unit of the Tangipahoa Parish Government) - continued

Notes to the Financial Statements  
As of and for the Year Ended December 31, 2020

The District had deferred inflow of resources at December 31, 2021 in the amount of \$144,278 reported on the fund Balance Sheet related to revenue that is not available.

The District had deferred outflows of resources at December 31, 2020, in the amount of \$576,726 reported in governmental activities Statement of Net Position related to the advance refunding of debt in 2017 (See Note 1J and Notes 6 and 8 for further discussion on the refunding).

*Basic Financial Statements - Governmental Funds*

The amounts reflected in the General Fund, are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of the District's operations.

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

Revenues - Property taxes, state revenue sharing, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Expenditures - Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Reconciliation - Explanation of differences between the Governmental Fund Balance Sheet and the government-wide Statement of Net Position is presented in Statement D of the basic financial statements. Explanation of differences between the Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balances and the government-wide Statement of Activities is presented in Statement F of the basic financial statements.

E. Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, interest bearing demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Under state law, the District may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

In accordance with state law, the District limits investments to those allowed under R.S. 33:2955. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. The District had no investments at December 31, 2020.



Recreation District No. 3 of Tangipahoa Parish  
(A Component Unit of the Tangipahoa Parish Government) - continued

Notes to the Financial Statements  
As of and for the Year Ended December 31, 2020

F. Receivables

Receivables are shown net of an allowance for uncollectible. Uncollectible amounts for property taxes are a reduction to the allowance accounts.

G. Restricted Assets

Certain resources of the District are set aside for the construction of the park and debt service and are classified as restricted assets because their use is limited per the bond covenants or grant agreement.

H. Inventory

The District utilizes the "purchase method" of accounting for supplies, whereby expendable operating supplies are recognized as expenditures when purchased. The District had no inventory at December 31, 2020.

I. Capital Assets

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$500 or more for capitalizing capital assets.

Capital assets are recorded in the Statement of Net position and Statement of Activities. All capital assets, other than land, are depreciated using the straight - line method over the following estimated useful life years:

<u>Asset Class</u>	<u>Life Years</u>
Roads and Bridges	20
Building and Building Improvements	40
Equipment	3-10
Furniture and Fixtures	3-12
Motor Vehicles	5-10

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

J. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Paragraph 187 of GASB Statement 62 establishes standards of accounting and financial reporting for debt issuance costs. Paragraph 12 of Statement 7 indicates that debt issuance costs include all costs incurred to issue the bonds, including but not limited to insurance costs ( net of rebates from the old debt, if any), financing costs (such as rating agency fees), and other related costs (such as printing, legal, administrative, and trustee expenses).

The District has implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, and with the implementation of GASB 65, the recognition of bond-related costs, including the costs related to issuance and refunding of debt, were revised. This standard was intended to complement GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are now expensed in the period incurred under GASB 65. The District incurred and expensed \$48,597 in bond issuance costs associated with the issuance of Limited Tax Revenue and Refunding Bonds, Series 2017 in the year ending December 31, 2017. See further discussion on the bond issuance in *Note 6 - Long Term Obligations* and *Note 8 - Dedication of Proceeds and Flow Funds*.

Recreation District No. 3 of Tangipahoa Parish  
(A Component Unit of the Tangipahoa Parish Government) - continued

Notes to the Financial Statements  
As of and for the Year Ended December 31, 2020

GASB statement 23, as amended, establishes accounting and financial reporting for current refundings and advance refundings resulting in defeasance of debt. Refundings involve the issuance of new debt whose proceeds are used to repay previously issued ("old") debt. The new debt proceeds may be used to repay the old debt immediately (a current refunding); or the new debt proceeds may be placed with an escrow agent and invested until they are used to pay principal and interest on the old debt at a future time (an advance refunding). As described in paragraphs 3 and 4 of GASB Statement No. 7, *Advance Refundings Resulting in Defeasance of Debt*, an advance refunding may result in the in-substance defeasance of the old debt provided that certain criteria are met.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* provides guidance on reporting difference between the reacquisition price and the net carrying amount of the old debt for current and advance refunding resulting in defeasance of debt. The difference is reported as deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter.

For the year ending December 31, 2017, the District issued \$3,970,000 in Limited Tax Revenue and Refunding Bonds, Series 2017 for the purpose of refunding the District's outstanding bonds, funding a reserve fund, and paying the costs of issuance of the bonds. The District reported \$576,726 in deferred outflows of resources at December 31, 2020, related to the difference between the reacquisition price and the net carrying amount of the old debt for advance refunding resulting in defeasance of debt during the year ending December 31, 2017, less amortization of such amount. See further discussion on the refunding of bonds in *Note 6 - Long Term Obligations and Note 8 - Dedication of Proceeds and Flow of Funds*.

K. Net Position

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

1. Net Investment in Capital Assets Component of Net Position - The *net investment in capital assets* component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount should not be included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflows of resources should be included in the same net position component (restricted or unrestricted) as the unspent amount.
2. Restricted - this component of net position consists of noncapital assets that have constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation reduced by related liabilities and deferred inflow of resources.
3. Unrestricted - all other net position is reported in this category.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

The District has restricted Net Position related to bond restrictions.

Recreation District No. 3 of Tangipahoa Parish  
 (A Component Unit of the Tangipahoa Parish Government) - continued

Notes to the Financial Statements  
 As of and for the Year Ended December 31, 2020

L. Fund Balance

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

1. Nonspendable Fund Balance - amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.

The District does not have anything that can be classified as Nonspendable Fund Balance.

2. Restricted - amounts in which the use of resources is constrained either by (a) external impositions by creditors, grantors, contributors, or laws or regulations of other governments or (b) impositions by law through constitutional provisions or enabling legislation.

The District has Restricted Fund Balance due to bond restrictions and grant agreement.

3. Committed Fund Balance - amounts that can be used only for the specific purposes determined by a formal action of the Board of Commissioners (the District's highest level of decision-making authority).

The District does not have anything that can be classified as Committed Fund Balance.

4. Assigned Fund Balance - this classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent should be expressed by the District's governing body itself or a committee or official to which the governing body delegated the authority to assign amounts to be used for specific purpose.

The District does not have anything that can be classified as Assigned Fund Balance.

5. Unassigned Fund Balance - this classification is the residual fund balance for the General Fund. It also represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

When fund balance resources are available for a specific purpose in multiple classifications, the District will generally use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed. However, the District's management reserves the right to selectively spend unassigned resources first and to defer the use of the other classified funds.

M. Estimates

The preparation of financial statements in conformity with U.S.GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

N. Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes were levied by the District in September and billed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed.

The Tangipahoa Parish Sheriff on behalf of the District bills, collects, and remits the property taxes using the assessed values determined by the tax assessor of Tangipahoa Parish. The following is a summary of authorized and levied ad valorem taxes:

	Authorized Millage	Levied Millage	Expiration Date of Millage
General Fund	15.00	15.00	04/09/2045

Recreation District No. 3 of Tangipahoa Parish  
(A Component Unit of the Tangipahoa Parish Government) - continued

Notes to the Financial Statements  
As of and for the Year Ended December 31, 2020

**2. Stewardship, Compliance, and Accountability**

A. Budgetary Information

The District uses the following budget practice:

The District adopts a budget for the General fund on the modified accrual basis each year.

The budget for the fiscal year ended December 31, 2020, was originally adopted on December 17, 2019.

The budget was only amended once during the fiscal year. The amendment was adopted on December 8, 2020.

B. Revenues – Actual and Budget

The General Fund had actual revenues and other sources fail to meet budgeted amounts for the year ended December 31, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>	<u>Percent</u>
Revenues and Other Sources	\$ 567,000	\$ 532,401	\$ 34,599	\$ 6.10%

The General Fund had actual expenditures and other uses that exceeded budgeted amounts for the year ended December 31, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Unfavorable Variances</u>	<u>Percent</u>
Expenditures and Other Uses	\$ 1,736,650	\$ 1,827,599	\$ 90,949	\$ 5.24%

The Louisiana Local Government Budget Act requires a local government to amend its operating budget when the total revenue and other sources fail to meet total budgeted revenues and other sources by 5% or more and when the total expenditures and other uses exceed total budgeted expenditures and other uses by 5% or more. The District failed to amend the budget for the General Fund by an adequate amount for the fiscal year ended December 31, 2020

**3. DEPOSITS AND INVESTMENTS**

Cash and cash equivalents and investments as of December 31, 2020, are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and cash equivalents	\$ 723,092
Restricted cash and cash equivalents	269,993
Total cash and cash equivalents and investments	\$ <u>993,085</u>

Deposits and investments as of December 31, 2020, consist of the following:

Interest-bearing deposits	\$ 993,085
Total deposits and investments	\$ <u>993,085</u>

These deposits are stated at cost, which approximates market value. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. 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.

Recreation District No. 3 of Tangipahoa Parish  
(A Component Unit of the Tangipahoa Parish Government) - continued

Notes to the Financial Statements  
As of and for the Year Ended December 31, 2020

Custodial credit risk as it relates to cash deposit is the risk that in the event of bank failure, the government's deposits may not be returned. The District does not have a formal policy for custodial credit risk. At December 31, 2020, the District has \$993,085 in deposits (collected bank balances). Of these deposits, \$269,993 are related to the issuance and related construction costs of the District's Limited Tax Bonds. Under the terms of the agreement with Whitney Bank, the bank maintains control of the funds and disburses funds in accordance with bond documents and at the District's request. These funds are secured by the Trust Department of Hancock Whitney. Of the remaining deposits of \$723,092, \$250,000 is secured from risk by Federal deposit insurance and the remaining \$473,092 is covered by pledge securities. The \$473,092 is exposed to custodial credit risk because while the amount is secured by pledge securities, such securities are held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

**4. Receivables**

Receivables are all current and represent revenues earned in 2020 and to be received in 2021 as follows:

	<u>Total</u>
Tangipahoa Parish Sheriff:	
Ad Valorem Taxes	\$ 480,774
State Revenue Sharing	18,306
Grant	151,547
Less: Allowance for Uncollectible	(10,000)
Accounts Receivable, Net	<u>\$ 640,627</u>

**5. Capital Assets**

The following is a summary of changes in capital assets for the ended December 31, 2020:

<u>Governmental Activities</u>	<u>Balance</u> <u>01/01/20</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/20</u>
Capital assets not depreciated:				
Land and land improvements	\$ 564,552	\$ -	\$ -	\$ 564,552
Construction in progress	<u>1,034,609</u>	<u>1,495,380</u>	<u>-</u>	<u>2,529,989</u>
Total capital assets, not depreciated	<u>1,599,161</u>	<u>1,495,380</u>	<u>-</u>	<u>3,094,541</u>
Capital assets, being depreciated:				
Equipment	<u>833</u>	<u>-</u>	<u>-</u>	<u>833</u>
Total capital assets, being depreciated	<u>833</u>	<u>-</u>	<u>-</u>	<u>833</u>
Less: Accumulated depreciation:				
Equipment	<u>389</u>	<u>166</u>	<u>-</u>	<u>555</u>
Total accumulated depreciation	<u>389</u>	<u>166</u>	<u>-</u>	<u>555</u>
Total capital assets, being depreciated, net	<u>444</u>	<u>(166)</u>	<u>-</u>	<u>278</u>
Governmental activities capital assets, net	<u>\$ 1,599,605</u>	<u>\$ 1,495,214</u>	<u>\$ -</u>	<u>\$ 3,094,819</u>

Recreation District No. 3 of Tangipahoa Parish  
(A Component Unit of the Tangipahoa Parish Government) - continued

Notes to the Financial Statements  
As of and for the Year Ended December 31, 2020

**6. Long -Term Obligations**

A. The following is a summary of changes in long-term obligations for the year ended December 31, 2020:

<u>Governmental Activities:</u>	<u>Balance</u> <u>1/1/20</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/20</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Series 2017:					
Limited Tax and					
Refunding Bonds	\$ 3,805,000	\$ -	\$ 85,000	\$ 3,720,000	\$ 90,000
Debt Issuance Premium	40,179	-	1,475	38,704	1,475
	<u>\$ 3,845,179</u>	<u>\$ -</u>	<u>\$ 86,475</u>	<u>\$ 3,758,704</u>	<u>\$ 91,475</u>

**B. Bonds:**

\$3,970,000 Limited Tax and Refunding bonds (Recreation District No.3 of Tangipahoa Parish Project), Series 2017 dated March 29, 2017, due in semi-annual installments of interest and maturing annually in amounts ranging from \$80,000 - \$235,000 through April 1, 2046; with interest between 2% and 5%.

\$3,720,000

**C. Debt Service Requirements to Maturity**

The annual requirements to amortize the Limited Tax and Refunding Bonds debt outstanding as of December 31, 2020, including interest, are as follows:

	<u>BONDS</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 90,000	\$ 158,406	\$ 248,406
2022	90,000	156,156	246,156
2023	90,000	153,681	243,681
2024	95,000	150,906	245,906
2025	100,000	147,881	247,881
2026-2030	540,000	685,619	1,225,619
2031-2035	650,000	569,431	1,219,431
2036-2040	805,000	411,166	1,216,166
2041-2046	1,260,000	197,750	1,457,750
TOTAL	<u>\$ 3,720,000</u>	<u>\$ 2,630,996</u>	<u>\$ 6,350,996</u>

Interest expense of \$165,403 in the general fund for the year consisted of \$165,403 paid on the 2017 bonds. Additionally, interest expense for governmental activities of \$185,463 includes a \$435 change in accrued interest on the 2017 bonds, \$21,970 amortization of deferred outflow, and \$1,475 of amortization of premium

**7. Ad Valorem Taxes**

For the year ended December 31, 2020, taxes were levied on property with taxable assessed valuations totaling \$32,057,209.

Total taxes levied were \$480,865. At December 31, 2020, the ad valorem tax receivable was \$480,774. The ad valorem taxes receivable at December 31, 2020, is recorded net of a \$10,000 allowance for uncollectible taxes.

Recreation District No. 3 of Tangipahoa Parish  
(A Component Unit of the Tangipahoa Parish Government) - continued

Notes to the Financial Statements  
As of and for the Year Ended December 31, 2020

**8. Dedication of Proceeds and Flow of Funds**

Proceeds of the 30 year special tax 15 mills on the dollar of assessed valuation on all property on the dollar of assessed valuation on all property subject to taxation in the District are dedicated for the purpose of constructing, improving, maintaining, and operating recreational facilities for the District.

The District, through its governing authority, adopted a resolution on August 9, 2016, authorizing the issuance of \$10,935,000 of Limited Tax Bonds of Recreation District No. 3 of Tangipahoa Parish Series 2016, for the purpose of construction, and improving recreational facilities, and secured by and payable from an irrevocable pledge and dedication of the revenue derived from the levy and collection of ad valorem tax of 15 mills.

On March 29, 2017, the District issued \$3,970,000 in Limited Tax and refunding Bonds, Series 2017 (\$2,785,000 new money bonds (limited tax revenue) and \$1,185,000 refunding bonds), at a premium of \$44,235 for the purpose of refunding the Series 2016 outstanding bonds, funding a reserve fund, and paying the costs of issuance of the bonds. The bonds issued with premium included \$1,189,676 in refunding bonds and premium and \$2,842,559 in new money bonds (limited tax revenue bonds) and premium. \$1,096,407.50 of the total Series 2017 bond proceeds plus \$10,107,266.06 of reserve and construction funds of the Series 2016 bonds were used to purchase US government securities. These securities were deposited in an irrevocable trust with an escrow agent to provide for the 2017 to 2046 debt service payments on the Series 2016 bonds. These bonds maturing April 1, 2027, and thereafter will be called for redemption on April 1, 2026 at a price equal to the principal amount thereof plus accrued interest from the most recent interest payment date to which interest has been paid or duly called for. As a result, the \$9,405,000 outstanding 2016 Series bonds were considered in-substance defeased and the liability for those bonds was removed from the District's books at December 31, 2017. The District reported \$659,114 in deferred outflows of resources related to the difference between the reacquisition price and the net carrying amount of the old debt for current and advance refunding resulting in defeasance of debt. At December 31, 2020, the District had \$576,726 of unamortized deferred outflow of resources

As of December 31, 2020, the District was in compliance with all bond covenants.

**9. Litigation**

There is no litigation pending against the District at December 31, 2020.

**10. Commitments**

As of December 31, 2020, the District had one professional services contract and one construction contract.

The professional services contract is with Newell Engineering, LLC for engineer services and to act as the resident project manager. The engineering fee is based off of a percentage of the total construction cost. The estimated construction cost for the total project is \$2,425,603. The estimated engineering fee on the contract is \$206,807. \$197,862 has been paid or is payable as of December 31, 2020. There is a remaining commitment balance of \$8,945.

The construction contract is with Brunt Construction, Inc. The total cost of the contract is \$1,708,803. \$1,360,852 has been paid or is payable as of December 31, 2020. There is a remaining commitment balance of \$276,327.

Recreation District No. 3 of Tangipahoa Parish  
(A Component Unit of the Tangipahoa Parish Government) - concluded

Notes to the Financial Statements  
As of and for the Year Ended December 31, 2020

**11. Tax Abatements**

The Louisiana Industrial Ad Valorem Tax Exemption Program (ITEP) is an original state incentive program which offers attractive tax incentive for manufacturers within the state. The program abates, for up to ten years, local property taxes (ad valorem) on a manufacturer's new investment and annual capitalized additions related to the manufacturing site. The exemption is granted per contract with the Louisiana Department of Economic Development and will specify the buildings and / or personal property items covered by the exemption. There are currently forty tax abatements in Tangipahoa Parish, related to fifteen companies, under the Louisiana ITEP. For the 2020 calendar year, the estimated forgone ad valorem taxes due to the District due to this abatement program was \$20,667.66.

**12. Prior Period Adjustment**

- A. The District restated its Governmental Fund financial statements for the year ending December 31, 2019 to correct Ad Valorem Revenue and record deferred inflow of resources of \$22,975 for amounts not collected in the period of availability. The current year beginning fund balance has been restated to reflect this adjustment to December 31, 2019 fund balance as follows:

<u>General Fund</u>	
Fund balance at December 31, 2019	\$ 2,531,665
Decrease in prior year Ad Valorem Revenue	<u>(22,975)</u>
Fund balance at December 31, 2019, as restated	<u>\$ 2,508,690</u>

**13. COVID – 19 Pandemic**

In December 2019, COVID -19 emerged and has subsequently spread worldwide. The World Health Organization has declared COVID - 19 a pandemic and this pandemic has resulted in federal, state, and local governments and private entities mandating various restrictions, including travel restrictions, restrictions on public gathering, stay at home orders, and quarantining of people that may have been exposed to the virus.

COVID-19 and actions taken to mitigate it had and are expected to continue to have adverse effects on the economy. As the COVID-19 pandemic is complex and rapidly evolving, we cannot reasonably estimate the duration or severity of this pandemic nor its full impact on the entity, its financial position, change in financial position, or cash flows.

**14. Subsequent events**

Subsequent events have been evaluated by management through June 29, 2021, the date the financial statements were available for issuance. No other events were noted requiring recording or additional disclosure in the financial statements for the year ending December 31, 2020.



**REQUIRED SUPPLEMENTARY INFORMATION**  
**(Part II)**

Recreation District No. 3 of Tangipahoa Parish  
(A Component Unit of the Tangipahoa Parish Government)

Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget (GAAP Basis) and Actual  
Governmental Fund Type-General Fund  
For the year ending December 31, 2020

Schedule 1

<b>Revenues</b>	Original Budget	Final Amended Budget	Actual Amounts GAAP Basis	Variance with Final Budget Favorable (Unfavorable)
Ad Valorem Taxes	\$ 430,000	\$ 430,000	\$ 471,182	\$ 41,182
State Revenue Sharing	18,000	18,000	18,306	306
Interest and Investment Earnings	16,000	9,000	11,296	2,296
Grant Revenues	147,900	110,000	31,617	(78,383)
Total Revenues	<u>611,900</u>	<u>567,000</u>	<u>532,401</u>	<u>(34,599)</u>
<b>Expenditures</b>				
Parks and Re creations:				
Salaries	12,000	12,000	12,000	-
Payroll Taxes	1,200	1,200	1,044	156
Auditing	6,300	6,500	6,500	-
Accounting	16,000	16,800	16,802	(2)
Legal	15,000	15,000	12,813	2,187
Contract Labor	-	-	1,500	(1,500)
Insurance	1,500	1,500	994	506
Miscellaneous	1,000	1,000	-	1,000
Office Expense	2,000	500	501	(1)
Official Journal	1,000	1,000	747	253
Per Diem- Board	1,500	1,500	1,025	475
Website Design	-	9,400	9,400	-
Utilities	-	250	348	(98)
Pension Fund Mandate	19,000	19,000	18,142	858
Debt Service-Principal	85,000	85,000	85,000	-
Debt Service-Interest	166,000	166,000	165,403	597
Capital Outlay	1,900,000	1,400,000	1,495,380	(95,380)
Total Expenditures	<u>2,227,500</u>	<u>1,736,650</u>	<u>1,827,599</u>	<u>(90,949)</u>
<b>Net Change in Fund Balance</b>	(1,615,600)	(1,169,650)	(1,295,198)	(125,548)
Fund Balance at Beginning of Year, restated	<u>2,606,966</u>	<u>2,531,665</u>	<u>2,508,690</u>	<u>(22,975)</u>
Fund Balance at End of Year	<u>\$ 991,366</u>	<u>\$ 1,362,015</u>	<u>\$ 1,213,492</u>	<u>\$ (148,523)</u>

**OTHER SUPPLEMENTARY INFORMATION**

Recreation District No. 3 of Tangipahoa Parish  
(A Component Unit of the Tangipahoa Parish Government)

SCHEDULE OF COMPENSATION, REIMBURSEMENTS, BENEFITS,  
AND OTHER PAYMENTS TO AGENCY HEAD  
For the Year Ended December 31, 2020

**Agency Head:** John Smith, Chairman of the Board

Compensation paid as commissioner per diem for the year ended December 31, 2020

John Smith	\$250
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Recreation District No. 3 of Tangipahoa Parish  
(A Component Unit of the Tangipahoa parish Government)  
SCHEDULE OF COMPENSATION PAID TO BOARD MEMBERS

For the year ended December 31, 2020

	<u>Term</u>	<u>Term Expires</u>	<u>Compensation Paid</u>
Brandon Andrews 200 LaSare Drive Amite, LA 70422 985-517-6180	2	April 2020	\$ -
Gerald Giardina 228 S. First St. Amite, LA 70422 985-507-7070	2	April 2025	250
Wayne Johnson P.O. Box 1229 Amite, LA 70422 985-662-4148	2	April 2025	250
John Smith 60244 Isreal Cutrer Rd. Amite, LA 70422 985-517-1397	1	April 2022	250
Brian "B.T." Callihan 611 Suzanne Drive Amite, LA 70422 985-517-9917	1	April 2023	250
Cory Blunk 100 Oak St. Amite, LA 70422 985-974-1785	1	April 2024	25
			25
			\$ 1,025

**OTHER INDEPENDENT AUDITOR'S REPORTS AND  
FINDINGS, RECOMMENDATIONS, AND RESPONSES**

Bruce C. Harrell, CPA

Kristi U. Bergeron, CPA  
Jessica H. Jones, CPA  
Brandy W. Garcia, CPA  
Charles L. Johnson, CPA

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**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 Members of the  
Recreation District No. 3 of Tangipahoa Parish  
Amite, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Recreation District No. 3 of Tangipahoa Parish, Amite, Louisiana, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Recreation District No. 3 of Tangipahoa Parish's basic financial statements, and have issued our report thereon dated June 29, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Recreation District No. 3 of Tangipahoa Parish's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Recreation District No. 3 of Tangipahoa Parish's internal control. Accordingly, we do not express an opinion on the effectiveness of the Recreation District No. 3 of Tangipahoa Parish's internal control.

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Recreation District No. 3 of Tangipahoa Parish’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as Finding 2020-C1, Finding 2020-C2 and Finding 2020-C3.

**Recreation District No. 3 of Tangipahoa Parish’s Response to Findings**

Recreation District No. 3 of Tangipahoa Parish’s response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Recreation District No. 3 of Tangipahoa Parish’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Bruce Harrell & Company, CPAs  
A Professional Accounting Corporation  
Kentwood, Louisiana

June 29, 2021



**Recreation District No. 3 of Tangipahoa Parish  
Schedule of Findings and Responses  
For the Year Ended December 31, 2020**

**Section I Summary of Auditor's Results**

*Financial Statements*

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified       Qualified   
Disclaimer       Adverse

Internal Control over financial reporting:

Material Weakness(es) identified?       Yes  No  
Significant Deficiency(ies) identified?       Yes  None Reported

Noncompliance Material to Financial Statements noted?       Yes  No

*Federal Awards - NA*

Internal Control over major federal programs:

Material Weakness(es) identified?       Yes  No  
Significant Deficiency(ies) identified?       Yes  None Reported

Type of auditor's report issued on compliance for major federal programs:

Unmodified       Qualified   
Disclaimer       Adverse

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?  
 Yes  No

Identification of Major Federal Programs:

Assistance Listing Number(s)	Name of Federal Program (or Cluster)

Dollar threshold used to distinguish between Type A and Type B Programs: \$ \_\_\_\_\_

Auditee qualified a 'low-risk' auditee?       Yes  No

**Recreation District No. 3 of Tangipahoa Parish  
Schedule of Findings and Responses  
For the Year Ended December 31, 2020**

**Section II Financial Statement Findings**

**Finding Number: 2020-C1 Local Budget Act (noncompliance)**

Criteria: LRS 39:1305 requires a comprehensive budget be prepared for each fiscal year for the general fund by the chief executive or administrative officer or equivalent. LRS 39:1310 requires amending the budget when the governing authority has received notification pursuant to R.S. 39:1311 (when total revenue and other sources plus projected revenue and other sources for the remainder of the year, within a fund, are failing to meet total budgeted revenues and other sources by five percent or more; when total actual expenditures and other uses plus projected expenditures and other uses for the remainder of the year, within a fund, are exceeding the total budgeted expenditures and other uses by five percent or more; or when actual beginning fund balance, within a fund, fails to meet estimated beginning fund balance by five percent or more and fund balance is being used to fund current year expenditures), or there has been a change in operations upon which the original budget was developed.

Condition: For the year ending December 31, 2020, the District adopted and amended a budget for the general fund. However, certain budgeted revenues were not collected in the period of availability and recorded as deferred inflows of resources in accordance with GAAP, resulting in revenues failing to meet budgeted revenues by 5% or more. Additionally, certain construction expenditures accrued at year end in accordance with GAAP, resulted in expenditures exceeding budgeted expenditures by 5% or more.

Cause: Certain budgeted revenues were not collected in the period of availability and recorded as deferred inflows of resources in accordance with GAAP, resulting in revenues failing to meet budgeted revenues by 5% or more. Certain construction expenditures accrued at year end in accordance with GAAP, resulted in expenditures exceeding budgeted expenditures by 5% or more.

Effect: Apparent noncompliance with the above referenced statutes.

Recommendation: The District should continue to monitor its budget and amend in accordance with the above referenced statute.

Management's Response: The District will continue to monitor its budget and comply with all the requirements of the Local Budget Act.

**Finding Number 2020-C2 Public Bid Law (noncompliance)**

Criteria: LRS 38:2212 requires all contracts for public works exceeding the current contract threshold of \$154,450 (\$250,000 effective July 1, 2020) must be advertised for bid and let by contract with the lowest responsible and responsive bidder. Further, all advertisements for contracts for public works exceeding the contract limit for public works, unless an exception applies, shall be published once a week for 3 different weeks in a newspaper in the locality; the first advertisement shall appear at least 25 days before the opening of bids and not occur on a Saturday, Sunday, or other legal holiday.

Condition: For the year ending December 31, 2020, the District received bids and entered into a contract for construction of Phase 1 Part 2 of the park project, qualifying as public works. The District made a request to its official journal to publish the bid advertisement for 3 different weeks with the first advertisement at least 25 days before the opening of bids and not occurring on a Saturday, Sunday, or other legal holiday; specifically: February 21, 2020; February 28, 2020; and March 6, 2020. The District has on file evidence of the February 21, 2020 (clipping and affidavit from paper). However, no support was on file for February 28 or March 6 advertisements and after additional research, the District noted that these 2 advertisements did not run. No exceptions for bid advertisements appears to apply.

**Recreation District No. 3 of Tangipahoa Parish  
Schedule of Findings and Responses  
For the Year Ended December 31, 2020**

Cause: The final 2 advertisements were not run by the newspaper despite request for all three dates. The District failed to confirm these last 2 advertisements prior to bid opening likely due to bid opening occurring during the COVID-19 Louisiana stay at home order. The District's Engineers who oversaw the bid process also failed to confirm proper bid advertisements.

Effect: Apparent noncompliance with the above referenced statutes.

Recommendation: The District should continue to monitor its compliance with Public Bid Law and ensure compliance.

Management's Response: The District relied on the Engineer who stated his firm would handle the entire bid process. It is the District's opinion that the Engineer should have verified the publication by actually examining the official journal. The Engineer should have moved the bid opening date due to the advertisement not running the required three times. The Board was not aware of this situation. For future projects that must be bid, the District will manage the process in house.

**Finding Number: 2020-C3 Grant Progress Reporting (noncompliance)**

Criteria: The Land and Water Conservation Fund State Project Agreement between the District and the State of Louisiana (Louisiana Department of Culture Recreation and Tourism; Office of State Parks; Division of Outdoor Recreation) requires, "*The project sponsor shall provide the Louisiana Office of State Parks, Division of Outdoor Recreation, quarterly progress reports to specifically identify the percentage of completion of each element identified in the Project Scope of this agreement. The quarterly progress reports will be due on February 1st, May 1st, August 1st and November 1st of each year through the duration of the project and until the project is formally closed out.*"

Condition: The District's Engineer provided copies of progress reports dated: September 16, 2019; November 14, 2019; January 15, 2020; October 22, 2020; and March 23, 2021.

Cause: The District's Engineer provides the report when requested by a state representative rather than on the dates specified in the agreement.

Effect: Apparent noncompliance with the above referenced agreement term.

Recommendation: The District should continue to monitor grant agreement requirements and ensure compliance with the terms of the agreement.

Management's Response: The District's Engineer attended the kick off meeting for the grant. At this meeting, he stated that his firm would be the point of contact and handle all the reporting. The District Secretary and Accountant have not received any correspondence from the State stating the District was in non-compliance.

**Section III Federal Award Findings and Questioned Costs**

NA

**Recreation District No. 3 of Tangipahoa Parish  
Schedule of Prior Year Findings and Responses  
For the Year Ended December 31, 2020**

**Financial Statement Findings**

**Finding Number: 2019-C1 Local Budget Act (noncompliance)**

Criteria: LRS 39:1305 requires a comprehensive budget be prepared for each fiscal year for the general fund by the chief executive or administrative officer or equivalent. The budget document must include a budget message and a statement. The budget must include a budget message signed by the budget preparer which should include a summary description of the proposed financial plan, policies, and objective, assumptions, budgetary basis, and a discussion of the most important features. LRS 39:1310 requires amending the budget when the governing authority has received notification pursuant to R.S. 39:1311 (when total revenue and other sources plus projected revenue and other sources for the remainder of the year, within a fund, are failing to meet total budgeted revenues and other sources by five percent or more; when total actual expenditures and other uses plus projected expenditures and other uses for the remainder of the year, within a fund, are exceeding the total budgeted expenditures and other uses by five percent or more; or when actual beginning fund balance, within a fund, fails to meet estimated beginning fund balance by five percent or more and fund balance is being used to fund current year expenditures), or there has been a change in operations upon which the original budget was adopted.

Condition: For the year ending December 31, 2019, the District adopted a budget for the general fund, but it did not include the budget message.

Cause: The budget message was not prepared along with the 2019 budget.

Effect: Apparent noncompliance with the above referenced statutes.

Recommendation: The District should prepare, submit and approve a comprehensive budget in accordance with the referenced statutes, including the budget message.

Management's Response: The District has implemented the auditor recommendation within the 2020 budget, which was adopted in 2019. It included the required budget message. Further, in the future, the District will continue to comply with all the requirements of the Local Budget Act.

**Current Year Status:** Resolved

**Federal Award Findings and Questioned Costs**

NA

This schedule was prepared by management.