

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

Annual Financial Statements

December 31, 2021



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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of Recreation District No. 6 of St. Tammany Parish (the District), a component unit of St. Tammany Parish, Louisiana, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 District as of December 31, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison schedule on pages 5 - 7 and page 25, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in the appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying information listed as other supplementary information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of governing board and the schedule of compensation, benefits, and other payments to agency head are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



A Professional Accounting Corporation

Covington, LA
June 19, 2022

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

RECREATION DISTRICT NO. 6 OF ST. TAMMANY PARISH

Management's Discussion and Analysis

As management of Recreation District No. 6 of St. Tammany Parish (the District), we offer this discussion and analysis of the District's financial activities for the year ended December 31, 2021.

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

Financial Highlights

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

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

SUMMARY STATEMENTS OF NET POSITION

	2021	2020	Change
Assets			
Current Assets	\$ 499,296	\$ 451,527	\$ 47,769
Capital Assets	488,441	598,161	(109,720)
Total Assets	987,737	1,049,688	(61,951)
Liabilities			
Current Liabilities	139,583	114,076	25,507
Non-Current Liabilities	727,000	832,000	(105,000)
Total Liabilities	866,583	946,076	(79,493)
Net Position			
Net Investment in Capital Assets	(343,559)	(336,839)	(6,720)
Restricted - Debt Service	214,994	198,204	16,790
Unrestricted	249,719	242,247	7,472
Total Net Position	\$ 121,154	\$ 103,612	\$ 17,542

RECREATION DISTRICT NO. 6 OF ST. TAMMANY PARISH

Management's Discussion and Analysis

SUMMARY STATEMENTS OF ACTIVITIES

	2021	2020	Change
Revenues			
Governmental Activities			
Recreation			
Charges for Services	\$ 111,829	\$ 64,888	\$ 46,941
General Revenues			
Ad Valorem Taxes	323,065	304,855	18,210
State Revenue Sharing	5,658	5,644	14
Other Income	1,931	-	1,931
Total Revenues	442,483	375,387	67,096
Expenses			
Recreation	398,943	332,153	66,790
Interest on Long-Term Debt	25,998	28,646	(2,648)
Total Expenses	424,941	360,799	64,142
Change in Net Position	\$ 17,542	\$ 14,588	\$ 2,954

Capital Assets and Debt

In 2021, capital assets decreased by \$109,720, which was the result of depreciation expense in excess of capital asset purchases. Total debt decreased by \$103,000, due to payment of bond principal.

Economic Factors and Next Year's Budget and Rates

The District experienced a loss in revenues during the prior year as a result of actions taken to mitigate the spread of the coronavirus pandemic (see Note 8 for more information). Due to state-wide limitations on public gatherings, the District was unable to complete a full baseball or softball season, hold basketball games at their "home" gym, or form volleyball or tackle football teams during the year. As a result, there was a significant loss in registration fee and concession revenue. During the year ended December 31, 2021, limitations on public gatherings was lifted and operations resumed as normal.

The District has authority to levy millage rates up to 11 mills for payment of general obligation bonds and 6 mills for operations and maintenance. The 2021 rates were levied at 4.75 mills for payment of general obligation bonds and 5.51 mills for acquiring, constructing, improving, maintaining, operating, and/or supporting parks, playgrounds, recreation centers, and other recreational facilities.

RECREATION DISTRICT NO. 6 OF ST. TAMMANY PARISH

Management's Discussion and Analysis

Requests for Information

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

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

RECREATION DISTRICT NO. 6 OF ST. TAMMANY PARISH
Statement of Net Position
December 31, 2021

	Governmental Activities
Assets	
Cash and Cash Equivalents	\$ 209,458
Receivables - Ad Valorem Taxes, Net	286,066
Receivables - State Revenue Sharing	3,772
Capital Assets, Net	<u>488,441</u>
Total Assets	<u>987,737</u>
Liabilities	
Accrued Interest	8,517
Accrued Payroll	1,066
Bonds Payable	
Due Within One Year	105,000
Due in More than One Year	<u>727,000</u>
Total Liabilities	<u>841,583</u>
Deferred Inflows of Resources	
Deferred Insurance Proceeds	<u>25,000</u>
Net Position	
Net Investment in Capital Assets	(343,559)
Restricted - Debt Service	214,994
Unrestricted	<u>249,719</u>
Total Net Position	<u><u>\$ 121,154</u></u>

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

RECREATION DISTRICT NO. 6 OF ST. TAMMANY PARISH
Statement of Activities
For the Year Ended December 31, 2021

Functional Programs	Expenses	Program Revenue		Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental Activities				
Recreation	\$ 398,943	\$ 111,829	\$ -	\$ (287,114)
Interest on Long-Term Debt	25,998	-	-	(25,998)
Total	\$ 424,941	\$ 111,829	\$ -	(313,112)
General Revenues				
Ad Valorem Taxes				323,065
State Revenue Sharing				5,658
Other Income				1,931
Total General Revenues				330,654
Change in Net Position				17,542
Net Position, Beginning of Year				103,612
Net Position, End of Year				\$ 121,154

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

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

RECREATION DISTRICT NO. 6 OF ST. TAMMANY PARISH
Balance Sheet
Governmental Funds
December 31, 2021

	General Fund	Debt Service Fund	Total Governmental Funds
Assets			
Cash and Cash Equivalents	\$ 123,632	\$ 85,826	\$ 209,458
Receivables - Ad Valorem Taxes, Net	153,628	132,438	286,066
Receivables - State Revenue Sharing	3,772	-	3,772
Due from Other Funds	508	-	508
Total Assets	<u>\$ 281,540</u>	<u>\$ 218,264</u>	<u>\$ 499,804</u>
Liabilities			
Accrued Payroll	\$ 1,066	\$ -	\$ 1,066
Due to Other Funds	-	508	508
Total Liabilities	<u>1,066</u>	<u>508</u>	<u>1,574</u>
Deferred Inflows of Resources			
Unavailable Ad Valorem Taxes	3,204	2,762	5,966
Deferred Insurance Proceeds	25,000	-	25,000
Total Deferred Inflows of Resources	<u>28,204</u>	<u>2,762</u>	<u>30,966</u>
Fund Balances			
Restricted for:			
Debt Service	-	214,994	214,994
Unassigned	252,270	-	252,270
Total Fund Balances	<u>252,270</u>	<u>214,994</u>	<u>467,264</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 281,540</u>	<u>\$ 218,264</u>	

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.	488,441
Deferred inflows of resources - unavailable ad valorem taxes are not reported on government-wide financial statements.	5,966
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(832,000)
Accrued interest on long-term liabilities is not reported in the governmental funds.	<u>(8,517)</u>
Net Position of Governmental Activities	<u>\$ 121,154</u>

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

RECREATION DISTRICT NO. 6 OF ST. TAMMANY PARISH
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2021

	General Fund	Debt Service Fund	Total Governmental Funds
Revenues			
Ad Valorem Taxes	\$ 170,477	\$ 146,963	\$ 317,440
Sports Registration Fees	67,969	-	67,969
Concession and Gate Fees	38,378	-	38,378
State Revenue Sharing	5,658	-	5,658
Sponsorship Income	5,482	-	5,482
Other Income	1,931	-	1,931
Total Revenues	289,895	146,963	436,858
Expenditures			
Current			
Recreation	122,044	-	122,044
General and Administration	92,494	282	92,776
Concessions	12,296	-	12,296
Capital Outlay	62,107	-	62,107
Debt Service			
Principal Retirement	-	103,000	103,000
Interest and Fiscal Charges	-	26,891	26,891
Total Expenditures	288,941	130,173	419,114
Excess of Revenues Over Expenditures	954	16,790	17,744
Net Change in Fund Balances	954	16,790	17,744
Fund Balances, Beginning of Year	251,316	198,204	449,520
Fund Balances, End of Year	\$ 252,270	\$ 214,994	\$ 467,264

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

RECREATION DISTRICT NO. 6 OF ST. TAMMANY PARISH
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds to
the Statement of Activities
For the Year Ended December 31, 2021

Net Change in Fund Balances - Total Governmental Funds	\$ 17,744
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives through depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.</p>	(109,720)
<p>The issuance of long-term debt (e.g., bonds and certificates of indebtedness) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on the change in net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>	103,000
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:</p>	
<p style="padding-left: 40px;">Change in Deferred Inflows of Resources - Unavailable Ad Valorem Taxes</p>	5,625
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>	893
<p style="text-align: center;">Change in Net Position of Governmental Activities</p>	<u><u>\$ 17,542</u></u>

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

RECREATION DISTRICT NO. 6 OF ST. TAMMANY PARISH

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

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

Reporting Entity

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

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

Basis of Presentation

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

Government-Wide Financial Statements

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

RECREATION DISTRICT NO. 6 OF ST. TAMMANY PARISH

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

Government-Wide Financial Statements (Continued)

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

Separate financial statements are provided for the governmental funds.

Fund Financial Statements

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

The District reports the following major governmental funds:

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

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

Measurement Focus/Basis of Accounting

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

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

RECREATION DISTRICT NO. 6 OF ST. TAMMANY PARISH

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Measurement Focus/Basis of Accounting (Continued)

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

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

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

Budget and Budgetary Accounting

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

Cash and Cash Equivalents and Investments

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

RECREATION DISTRICT NO. 6 OF ST. TAMMANY PARISH

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents and Investments (Continued)

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

Receivables

Receivables are reported net of estimated uncollectible amounts. At December 31, 2021, the allowance for uncollectible ad valorem taxes was \$5,365 and \$4,625 for the General Fund and the Debt Service Fund, respectively. This represents 3% of the total ad valorem tax assessed. This estimate is based on the District's history of collections within this revenue stream.

Capital Assets

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

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

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

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

Long-Term Obligations

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

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

RECREATION DISTRICT NO. 6 OF ST. TAMMANY PARISH

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Equity Classifications

Government-wide net position is divided into three components:

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

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

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

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

Estimates

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

New Accounting Pronouncements - Not Yet Adopted

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

RECREATION DISTRICT NO. 6 OF ST. TAMMANY PARISH

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

New Accounting Pronouncements - Not Yet Adopted (Continued)

The GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. This Statement is effective for fiscal years beginning after June 15, 2022. Adoption of this standard is not expected to have a material impact on the financial statements.

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

Note 2. Cash and Cash Equivalents

The following is a summary of cash and cash equivalents (bank balances) at December 31, 2021:

Demand Deposits	<u>\$ 210,848</u>
-----------------	-------------------

These deposits are stated at cost, which approximates market.

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

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be recovered. The District does not have a deposit policy for custodial credit risk. As of December 31, 2021, \$-0- of the District's bank balance was exposed to custodial credit risk.

RECREATION DISTRICT NO. 6 OF ST. TAMMANY PARISH

Notes to Financial Statements

Note 3. Capital Assets

Capital assets activity for the year ended December 31, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Being Depreciated				
Recreational Facilities	\$ 2,145,811	\$ -	\$ -	\$ 2,145,811
Equipment	178,612	62,107	-	240,719
Total Capital Assets Being Depreciated	<u>2,324,423</u>	<u>62,107</u>	<u>-</u>	<u>2,386,530</u>
Less Accumulated Depreciation for:				
Recreational Facilities	(1,633,334)	(148,374)	-	(1,781,708)
Equipment	(92,928)	(23,453)	-	(116,381)
Total Accumulated Depreciation	<u>(1,726,262)</u>	<u>(171,827)</u>	<u>-</u>	<u>(1,898,089)</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 598,161</u>	<u>\$ (109,720)</u>	<u>\$ -</u>	<u>\$ 488,441</u>

Depreciation expense amounted to \$171,827 for the year ended December 31, 2021.

Note 4. Long-Term Debt

The following is a summary of long-term debt activity for the year ended December 31, 2021:

	General Obligation Bonds
Payable at January 1, 2021	\$ 935,000
Retired	<u>(103,000)</u>
Payable at December 31, 2021	<u>\$ 832,000</u>
Due Within One Year	<u>\$ 105,000</u>
 \$1,135,000 General Obligation Refunding Bonds dated May 27, 2018; due in 10 annual installments; due March 1, 2028, with semi-annual interest payments at 2.25% to 3.40%.	 <u>\$ 832,000</u>

RECREATION DISTRICT NO. 6 OF ST. TAMMANY PARISH

Notes to Financial Statements

Note 4. Long-Term Debt (Continued)

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

Year Ending December 31,	General Obligation Bonds	
	Principal	Interest
2022	\$ 105,000	\$ 24,134
2023	114,000	21,092
2024	116,000	17,727
2025	119,000	14,172
2026	121,000	10,452
2027 - 2028	257,000	8,659
Total	\$ 832,000	\$ 96,236

Note 5. Interfund Receivables/Payables

The primary purpose of interfund receivables/payables is to loan monies between funds to cover current expenditures. All interfund receivables/payables are considered short-term, as they are expected to be repaid within the next fiscal year.

Note 6. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended December 31, 2021, the District carried insurance through various commercial carriers to cover all risks of loss. The District had no settled claims resulting from these risks that exceeded its commercial coverage in any of the past three fiscal years.

Note 7. Ad Valorem Taxes

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

RECREATION DISTRICT NO. 6 OF ST. TAMMANY PARISH

Notes to Financial Statements

Note 7. Ad Valorem Taxes (Continued)

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

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

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

Note 8. Contingency

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

REQUIRED SUPPLEMENTARY INFORMATION (PART II)

RECREATION DISTRICT NO. 6 OF ST. TAMMANY PARISH
Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual - General Fund
For the Year Ended December 31, 2021

	Budget		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Ad Valorem Taxes	\$ 131,577	\$ 192,077	\$ 170,477	\$ (21,600)
Sports Registration Fees	64,422	103,974	67,969	(36,005)
Concession and Gate Fees	-	-	38,378	38,378
State Revenue Sharing	3,758	5,644	5,658	14
Sponsorship Income	-	-	5,482	5,482
Other Income	-	-	1,931	1,931
Total Revenues	199,757	301,695	289,895	(11,800)
Expenditures				
Recreation	48,048	68,914	122,044	(53,130)
General and Administration	120,841	185,447	92,494	92,953
Concessions	-	-	12,296	(12,296)
Capital Outlay	43,312	39,814	62,107	(22,293)
Total Expenditures	212,201	294,175	288,941	5,234
Net Change in Fund Balance	\$ (12,444)	\$ 7,520	954	\$ (6,566)
Fund Balance, Beginning of Year			251,316	
Fund Balance, End of Year			\$ 252,270	

See independent auditor's report.

OTHER SUPPLEMENTARY INFORMATION

RECREATION DISTRICT NO. 6 OF ST. TAMMANY PARISH
Schedule of Governing Board
For the Year Ended December 31, 2021

Board of Commissioners	Compensation
Michael Michel, Chairman 110 Highland Crest Drive Covington, LA 70435	\$ -0-
Mark W. Files, Treasurer 40 Greenhills Drive Covington, LA 70435	-0-
Kristen Davis Hardy, Secretary 78166 Highway 437 Covington, LA 70435	-0-
Shonti Vial Covington, LA 70434	-0-
Justin Adams 20302 Tiger Terrace Lane Covington, LA 70435	-0-
Mike Saladino 77474 St. Joseph Street Covington, LA 70435	-0-

See independent auditor's report.

RECREATION DISTRICT NO. 6 OF ST. TAMMANY PARISH
Schedule of Compensation, Benefits, and Other Payments
to Agency Head
For the Year Ended December 31, 2021

Agency Head
 Bridget Lavigne, Director

Purpose	Amount
Salary	\$34,432
Benefits - Insurance	\$0
Benefits - Retirement	\$0
Benefits - Other	\$0
Car Allowance	\$0
Vehicle Provided by Government	\$0
Per Diem	\$0
Reimbursements	\$206
Travel	\$0
Registration Fees	\$0
Conference Travel	\$0
Continuing Professional Education Fees	\$0
Housing	\$0
Unvouchered Expenses	\$0
Special Meals	\$0

See independent auditor's report.

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

Independent Auditor's Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Recreation District No. 6 of St. Tammany Parish (the District), a component unit of St. Tammany Parish, Louisiana, as of and for the year ended December 31, 2021, 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 19, 2022.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

A Professional Accounting Corporation

Covington, LA
June 19, 2022

RECREATION DISTRICT NO. 6 OF ST. TAMMANY PARISH
Schedule of Findings and Responses
For the Year Ended December 31, 2021

Part I - Summary of Auditor's Results

Financial Statements

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

Federal Awards

Not applicable.

Part II - Findings Related to the Financial Statements

None.

Part III - Compliance and Other Matters

None.

Part IV - Prior Year Findings

None.

AGREED-UPON PROCEDURES REPORT

Recreation District No. 6 of St. Tammany Parish

Independent Accountant's Report
on Applying Agreed-Upon Procedures

For the Period of January 1, 2021 - July 31, 2021

To the Board of Commissioners
Recreation District 6 of St. Tammany Parish
Covington, Louisiana

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified by the Louisiana Legislative Auditor's (LLA) Agreed-Upon Procedures (AUPs) in accordance with the authority of Act 774 of the 2014 Regular Legislative Session for the period from January 1, 2021 through July 31, 2021. Recreation District 6 of St. Tammany Parish's (the District) management is responsible for those C/C areas identified in the AUPs.

Management of Recreation District 6 of St. Tammany Parish, a component unit of St. Tammany Parish, Louisiana, has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified by the LLA's AUPs in accordance with the authority of Act 774 of the 2014 Regular Legislative Session for the period January 1, 2021 to July 31, 2021. Additionally, the LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Information Technology Disaster Recovery/Business Continuity (follow-up)

1. Obtain and inspect the entity's written policies and procedures over information technology disaster recovery/business continuity (or the equivalent contractual terms if IT services are outsourced) and observe that they address (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Results: We performed the procedure and discussed the results with management.

Sexual Harassment (follow-up)

1. Obtain and inspect the entity's written sexual harassment policies and procedures and observe that they address all requirements of Louisiana Revised Statutes (R.S.) 42:342-344, including agency responsibilities and prohibitions; annual employee training; and annual reporting requirements.

Results: No exceptions noted.

2. Obtain a listing of employees/elected officials/board members employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/elected officials/board members, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/elected official/board member completed at least one hour of sexual harassment training during the calendar year.

Results: No exceptions noted.

3. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

Results: No exceptions noted.

4. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that it includes the applicable requirements of R.S. 42:344.

Results: No exceptions noted.

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) ***Disbursements***, including processing, reviewing, and approving.

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- h) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Results: We obtained the District's written policies and procedures for the applicable categories above. For b, f, and j above, the District's written policies and procedures did not address all required components. No other exceptions were noted.

We were engaged by Recreation District No. 6 of St. Tammany Parish to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified by the LLA AUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of Recreation District No. 6 of St. Tammany Parish and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon engagement.

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

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

A Professional Accounting Corporation

Covington, LA

June 19, 2022

**St. Tammany Parish Recreation District #6
Johnny F. Smith Memorial Park**

Michael Michel, Chairman
Kristen Hardy, Secretary
Justin Adams
Dennis Franco

Mark Files, Treasurer
Michael Saladino
Shonti Vial
Bridget Lavigne, Director

Mr. Michael J. Waguespack
Louisiana Legislative Auditor
1600 N 3rd Street
P.O. Box 94397
Baton Rouge, LA 70804-9397

RE: Act 774 Agreed-Upon Procedures

The management of Recreation District No. 6 of St. Tammany Parish wishes to provide the following responses relative to the results of the 2021 Act 774 agreed-upon procedures engagement:

- 1) In response to the results of the Written Policies and Procedures section, management will review the policies and procedures in place and amend as necessary to meet all requirements.

Sincerely,

Bridget Lavigne
Name

Director
Title