

**ST. TAMMANY RECREATION DISTRICT #12**

**FINANCIAL STATEMENTS**

**AS OF AND FOR THE YEAR ENDED**

**DECEMBER 31, 2017**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners  
St. Tammany Parish Recreation District #12

### **Report on Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of St. Tammany Parish Recreation District #12, as of and for the year ended December 31, 2017, 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.

### **Auditors' 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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



To the Members of the Board of  
St. Tammany Parish Recreation District #12  
April 20, 2018

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of St. Tammany Parish Recreation District #12, as of December 31, 2017, 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.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of revenues, expenditures, and change in fund balance – budget to actual on pages 4 through 6 and page 23 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other 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 schedule of compensation paid to board members and schedule of compensation, benefits, and other payments to agency head are presented to comply with the requirements issued by the State of Louisiana, and are not a required part of the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



To the Members of the Board of  
St. Tammany Parish Recreation District #12  
April 20, 2018

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated April 20, 2018, 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 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 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.

April 20, 2018  
Mandeville, Louisiana

*Erickson Krentel LLP*  
Certified Public Accountants

**ST. TAMMANY RECREATION DISTRICT #12**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
DECEMBER 31, 2017

Management's Discussion and Analysis (MD&A) is a required element of the reporting model adopted by the Governmental Accounting Standards Board Statement No. 34. Its purpose is to provide an overview of the financial activities of the St. Tammany Parish Recreation District #12 (the District) office based on currently known facts and decisions of management. Please read it in conjunction with the District's financial statements, which begin on page 7.

The basic financial statements include government-wide and governmental fund statements. The government-wide Statement of Net Position and Statement of Activities present information for the activities of the District office, which include an economic resources measurement focus using the accrual basis of accounting. Primarily, the difference between these statements and governmental fund statements is that assets are capitalized and depreciated over their estimated useful life versus expensed in the governmental fund statements and debt is reported as a liability and paid down as scheduled versus expensed in the governmental fund statements. The Balance Sheet – Governmental Funds details the assets and liabilities of the governmental funds, whereas the Reconciliation of Balance Sheet – Governmental Funds to the Statement of Net Position reflects the differences from the amounts reported in the Statement of Net Position. The Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds reflects the current year receipts and disbursements of funds and the Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities report the differences in the changes in fund balances to the changes in net position of the governmental activities. The differences between the adopted budget and the actual activities are reflected in the Schedule of Revenues, Expenditures, and Change in Fund Balance – Budget to Actual – General Fund.

The District is considered a component unit of St. Tammany Parish. The accompanying financial statements only present information on the funds maintained by the District.

**STATEMENT OF NET POSITION AND STATEMENT OF ACTIVITIES**

Our analysis of the funds maintained by the District as a whole begins below. The Statement of Net Position and Statement of Activities report information about the funds maintained by the District as a whole. These statements include all assets and liabilities using the accrual basis of accounting.

These two statements report the District's net position and the changes in net position. The difference between the assets plus deferred outflows of resources and the liabilities plus deferred inflows of resources, or net position, measures the District's financial position. Increases and decreases in net position are an indicator of whether its financial health is improving or declining.

The District records the funds maintained by the District as governmental activities in the Statement of Net Position and Statement of Activities.

**ST. TAMMANY RECREATION DISTRICT #12**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
DECEMBER 31, 2017

Expenses paid from the funds maintained are reported as governmental activities and primarily consist of salaries, capital outlay, debt service, and sports related costs. Ad valorem taxes and fees from sporting events finance most of the activities of the District.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve as a useful indicator of the District's financial position. The District's total net position increased from \$1,306,357 to \$1,351,270 due primarily to the District's increase in other income and culture and recreation revenue as well as a decrease in culture and recreation expenses during the year ended December 31, 2017.

As of December 31, 2017 and 2016, the District had \$52,449 and \$97,533 in cash and cash equivalents, respectively, and the balance of cash – LAMP investments was \$56,919 and \$75,735, respectively. The District had \$288,077 and \$326,815 in funds receivable from property taxes and net capital assets of \$946,962 and \$869,411, respectively, as of December 31, 2017 and 2016. Total assets for the period increased from \$1,369,494 as of December 31, 2016 to \$1,344,407 as of December 31, 2017. The District had \$75,000 and \$145,000 in bonds payable outstanding as of December 31, 2017 and 2016, respectively.

Total revenue for the District for 2017 and 2016 was \$431,518 and \$470,482, respectively. The decrease is due to a decline in revenue from charges for services.

The District's expenses, excluding depreciation expense, were \$333,178 and \$327,564 for the years ended December 31, 2017 and 2016, respectively.

**Fund Financial Statements**

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The District uses funds to ensure and demonstrate compliance with finance and budget related laws and regulations.

The District uses governmental funds as follows:

Governmental funds are reported in the fund financial statements and encompass the same function as governmental activities in the government-wide financial statements. However, the focus is very different with fund financial statements providing a distinctive view of the District's governmental funds, including object classifications. These statements report short-term fiscal accountability focusing on the use of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between the two perspectives may provide insight into the long-term impact of short-term financing decisions. The reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position and the reconciliation of the Statement of Revenues, Expenditures, and Changes in Governmental Funds balance to the Statement of Activities provide a reconciliation to assist in

**ST. TAMMANY RECREATION DISTRICT #12**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**DECEMBER 31, 2017**

understanding the differences between these two perspectives.

The District has two governmental funds: the General Fund and the Debt Service Fund. The basic governmental fund financial statements are presented on pages 9 through 12 of this report.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

For the fiscal year ended December 31, 2017, there were no significant unfavorable variances in the budget when compared to actual amounts, except for repairs and maintenance where significant field and facility work took place and not all was capitalized.

**LONG-TERM DEBT**

At the end of the current fiscal year, the District had total bonded debt outstanding of \$75,000. The District's total debt decreased by \$70,000 during the current fiscal year. Additional information on the District's long-term debt can be found in the notes of this report.

**CAPITAL ASSETS**

During the year, the District expended \$131,000 in upgrading and renovating the fields of the playground and also some building improvements.

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

The District considered many factors when setting the operating budget for its general fund for the year ending December 31, 2017. The District is expecting the amount of revenue and expenditures to remain similar to the prior year. Therefore, for next year, anticipated revenues will be approximately \$495,000, while anticipated expenditures will be approximately \$495,000. Therefore, the total governmental fund balance is expected to remain constant from prior year.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens and taxpayers with a general overview for the funds maintained by the St. Tammany Parish Recreation District #12 and to show the accountability for the money it receives. If you have any questions or need additional information, contact Timothy Bartholomew, Chairman, at the District's office, P.O. Box 1211, Folsom, Louisiana 70437.

**ST. TAMMANY PARISH RECREATION DISTRICT #12**  
**STATEMENT OF NET POSITION**  
AS OF DECEMBER 31, 2017

**ASSETS**

**CURRENT ASSETS:**

Cash and cash equivalents	\$ 52,449
Cash - LAMP investments	56,919
Due from other government agencies, net	<u>288,077</u>

Total current assets	<u>397,445</u>
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**LAND**

91,580

**CAPITAL ASSETS, NET**

946,962

Total assets	<u>1,435,987</u>
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**LIABILITIES AND NET POSITION**

**CURRENT LIABILITIES:**

Sheriff's pension payable	9,717
Certificates of indebtedness due within one year	<u>75,000</u>

Total current liabilities	<u>84,717</u>
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Total liabilities	<u>84,717</u>
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**NET POSITION:**

Net investment in capital assets	871,962
Restricted for debt service	79,695
Unrestricted	<u>399,613</u>

Total net position	<u>\$ 1,351,270</u>
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See accompanying NOTES TO THE FINANCIAL STATEMENTS

Exhibit "B"

ST. TAMMANY PARISH RECREATION DISTRICT #12  
 STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2017

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Net Revenues (Expenses) and Changes in Net Position</u>
<b><u>GOVERNMENTAL ACTIVITIES:</u></b>			
Culture and recreation	<u>\$ 386,405</u>	<u>\$ 100,159</u>	\$ (286,246)
<b><u>GENERAL REVENUES:</u></b>			
Ad valorem taxes			319,239
State revenue sharing			10,042
Other			359
Interest			<u>1,719</u>
Total general revenues			<u>331,359</u>
Change in net position			45,113
Net position - beginning			<u>1,306,157</u>
Net position - ending			<u>\$ 1,351,270</u>

See accompanying NOTES TO THE FINANCIAL STATEMENTS

Exhibit "C"

ST. TAMMANY PARISH RECREATION DISTRICT #12  
 BALANCE SHEET - GOVERNMENTAL FUNDS  
AS OF DECEMBER 31, 2017

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
<b><u>ASSETS</u></b>			
<b><u>CURRENT ASSETS:</u></b>			
Cash and cash equivalents	\$ 52,449	\$ -	\$ 52,449
Cash - LAMP investments	26,597	30,322	56,919
Ad valorem taxes receivable, net	<u>238,704</u>	<u>49,373</u>	<u>288,077</u>
 Total current assets	 <u>317,750</u>	 <u>79,695</u>	 <u>397,445</u>
 Total assets	 <u>\$ 317,750</u>	 <u>\$ 79,695</u>	 <u>\$ 397,445</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
<b><u>LIABILITIES:</u></b>			
Deferred revenue - ad valorem	\$ 8,397	\$ -	\$ 8,397
Sheriff's pension payable	<u>9,717</u>	<u>-</u>	<u>9,717</u>
 Total liabilities	 <u>18,114</u>	 <u>-</u>	 <u>18,114</u>
<b><u>FUND BALANCES:</u></b>			
Restricted for debt service	-	79,695	79,695
Unassigned	<u>299,636</u>	<u>-</u>	<u>299,636</u>
 Total fund balances	 <u>299,636</u>	 <u>79,695</u>	 <u>379,331</u>
 Total liabilities and fund balance	 <u>\$ 317,750</u>	 <u>\$ 79,695</u>	 <u>\$ 397,445</u>

See accompanying NOTES TO THE FINANCIAL STATEMENTS.

Exhibit "D"

**ST. TAMMANY PARISH RECREATION DISTRICT #12**  
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
AS OF DECEMBER 31, 2017

Fund balance - governmental fund	\$ 379,331
Cost of capital assets at December 31, 2017 - Governmental Fund	1,866,077
Less accumulated depreciation as of December 31, 2017	<u>(827,535)</u>
Total Capital Assets	1,038,542
Certain property tax collections are not available to pay for current-period expenditures and therefore are reported as deferred inflows of resources in the governmental funds.	8,397
Debt related to capital assets	<u>(75,000)</u>
Net position of governmental activities	<u>\$ 1,351,270</u>

See accompanying NOTES TO THE FINANCIAL STATEMENTS

Exhibit "E"

**ST. TAMMANY PARISH RECREATION DISTRICT #12**  
**STATEMENT OF REVENUE, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
<b><u>REVENUES:</u></b>			
Ad valorem taxes	261,469	\$ 49,373	\$ 310,842
State revenue sharing	10,042	-	10,042
Interest income	1,719	-	1,719
Culture and recreation	100,159	-	100,159
Other income	359	-	359
	<hr/>	<hr/>	<hr/>
Total Revenues	373,748	49,373	423,121
<b><u>EXPENDITURES:</u></b>			
Culture and recreation			
Salaries	108,959	-	108,959
Sports	49,447	-	49,447
Legal and professional	28,623	-	28,623
Repairs and maintenance	34,509	-	34,509
Concessions	13,042	-	13,042
Utilities	21,511	-	21,511
Insurance	21,079	-	21,079
Office expenditure	15,358	-	15,358
Other	6,462	-	6,462
Payroll taxes	8,580	-	8,580
Field maintenance	15,631	-	15,631
Retirement plan expenses	3,727	-	3,727
Debt service			
Principal	-	70,000	70,000
Interest and finance charges	-	6,250	6,250
Capital outlay	130,778	-	130,778
	<hr/>	<hr/>	<hr/>
Total Expenditures	457,706	76,250	533,956
Deficiency of revenues over expenditures	(83,958)	(26,877)	(110,835)
<b><u>OTHER FINANCING SOURCES (USES):</u></b>			
Intergovernmental Transfers	(18,278)	18,278	-
Deficiency of revenues over expenditures and other financing sources	(102,236)	(8,599)	(110,835)
Fund balance - beginning	401,872	88,294	490,166
	<hr/>	<hr/>	<hr/>
Fund balance - ending	<u>\$ 299,636</u>	<u>\$ 79,695</u>	<u>\$ 379,331</u>

See accompanying NOTES TO THE FINANCIAL STATEMENTS

**ST. TAMMANY PARISH RECREATION DISTRICT #12**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS**  
**TO STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

Net change in fund balance - governmental fund \$ (110,835)

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

Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense. This is the amount of depreciation of capital expenditures:

Capital outlay	130,778	
Depreciation expense	<u>(53,227)</u>	77,551

Under the modified accrual basis of accounting used in the governmental funds, advances of derived tax revenues is not recognized until received, rather than as it is earned. 8,397

Bond and capital lease agreements provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount of repayments. 70,000

Change in new position of governmental activities \$ 45,113

**ST. TAMMANY PARISH RECREATION DISTRICT #12**  
**NOTES TO FINANCIAL STATEMENTS**  
DECEMBER 31, 2017

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

St. Tammany Parish Recreation District #12 (the District) was established by Louisiana Revised Statute 33:4564 and Police Jury Ordinance PSS No. 92-1596 on May 11, 1992. The District's boundaries are within the Second Ward of the Parish of St. Tammany. The District is governed by a Board of Commissioners consisting of five resident property taxpayers, as provided by Louisiana Revised Statute 33:4564. The St. Tammany Parish Council appoints the five Commissioners. Each Commissioner serves a term of five years.

The District was created for the purpose of providing facilities for youth and adult sports programs to the residents of the area surrounding Folsom, Louisiana.

The financial statements of the District have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting principles are described below.

**Financial Reporting Entity**

As the governing authority of the parish for financial reporting purposes, the St. Tammany Parish Council is the financial reporting entity for St. Tammany Parish. The financial reporting entity consists of (a) the primary government (the 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.

The Governmental Accounting Standards Board Codification established criteria for determining which component units should be considered part of the St. Tammany Parish Council for financial reporting purposes. The basic criterion for including a potential component unit with the reporting entity is financial accountability.

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

**ST. TAMMANY RECREATION DISTRICT #12**  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2017

**Basis of Presentation**

The accompanying general-purpose financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental and financial reporting principles. The more significant government accounting principles are described below.

**Basic Financial Statements – Government-Wide Statements**

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. There were no activities of the District categorized as business type activities.

In the government-wide statement of net position, the governmental activity is reported on a full accrual, economic resource basis.

The government-wide statement of activities report both the gross and net cost of the District's functions. The statement of activities reduces gross expenses by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while capital grants reflects capital-specific grants.

The net costs, by function, are normally covered by general revenue, which includes ad valorem taxes, interest, investment earnings, and other income. The District does not allocate indirect costs.

The government-wide focus is more on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities.

**Fund Financial Statements**

The District uses fund accounting to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

**ST. TAMMANY RECREATION DISTRICT #12**  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2017

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

**Fund Financial Statements (Continued)**

A fund is a separate accounting entity with a self-balancing set of accounts.

Funds are ordered into two major categories: general and debt service. Funds within each major category are grouped by fund type in the financial statements. The funds used by the District are as follows:

**Governmental Fund Types**

Governmental fund types are those through which general governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities are accounted for through governmental funds. The following are the District's governmental fund types:

- General Fund – The general fund is the main operating fund of the District. This fund is used to account for all financial resources not accounted for in other funds.
- Debt Service Fund – The debt service fund accounts for transactions relating to resources retained and used for the payment of principal and interest on long-term obligations.

**Equity Classifications**

In accordance with GASB Codification, net position is classified into three components - net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows.

- a. Net Investment in Capital Assets – This component of net position consists of the historical cost of capital assets, including any restricted capital 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, plus deferred outflows of resources, less deferred inflows of resources, related to those assets.
- b. Restricted – This component of net position consists of assets that have constraints that are externally imposed by creditors (such as through debt covenants), 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.

**ST. TAMMANY RECREATION DISTRICT #12**  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2017

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

**Fund Balance**

The District adopted GASB Codification Statements on Fund Accounting, and Classification and Terminology, which changed the reporting of fund balance in the balance sheets of governmental type funds. In fund financials, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

- Nonspendable – consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- Restricted – consists of amounts with constraints either by third-parties (bond creditors) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the District to assess or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used for the specific purposes stipulated in the legislation.
- Committed – consists of the amounts used for specific purposes pursuant to constraints imposed by formal action of the District’s Board. Those committed amounts cannot be used for any other purpose unless the District removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed previously to commit those amounts.
- Assigned – consists of amounts that are constrained by the District’s intent to be used for specific purposes, but are neither restricted nor committed.
- Unassigned – consists of amounts that have not been restricted, committed or assigned to specific purposes within the general fund. When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, and then unrestricted resources (committed, assigned and unassigned) are available for use.

As of December 31, 2017, the District had no nonspendable, committed, or assigned funds.

**ST. TAMMANY RECREATION DISTRICT #12**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2017

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

**Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The operating statements of the funds present increases (i.e., revenues and other sources) and decreases (i.e., expenditures and other uses) in net current assets. All governmental fund types and agency funds 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 be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due.

Those revenues of the District susceptible to accrual are ad valorem taxes, state revenue sharing, grants and interest. Substantially all other revenues are recorded when received.

**Revenues – Exchange and Non-Exchange Transactions**

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within 60 days of fiscal year-end. Under the modified accrual basis, only interest is considered to be both measurable and available at fiscal year-end.

Non-exchange transactions, in which the District receives value without directly giving value in return, include grants and donations. On an accrual basis, revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized.

**ST. TAMMANY RECREATION DISTRICT #12**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2017

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

**Expenditures**

On an accrual basis of accounting, expenditures are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources/expenditures rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable.

**Budget and Budgetary Accounting**

Formal budgetary accounting is employed as a management control device during the year for the general fund. Formal budgetary accounting is not employed for the debt service fund because effective control is alternatively achieved through the indenture provisions of the debt certificates.

The budget is adopted for the general fund on a basis consistent with U.S. generally accepted accounting principles (GAAP). All appropriations, which are not expended, lapse at year-end.

**Use of 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 and expenditures during the reporting period. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

Cash includes amounts in demand deposits, interest bearing demand deposits, and money market accounts, if any. The District considers all investments purchased with a maturity of three months or less to be cash equivalents.

Louisiana revised statutes authorize the District to invest in (1) United States bonds, treasury notes or certificates, or time certificates of deposit of state banks organized under the laws of Louisiana or national banks having their principal offices in the State of Louisiana, an investment as stipulated in Louisiana Revised Statute 39:1271, or any other federally insured investments or (2) in mutual or trust fund institutions, which are registered with the Securities and Exchange Commission under the Securities Act of 1933 and the Investment Act of 1940, and which have underlying investments consisting solely of and limited to securities of the U.S. Government or its agencies.

**ST. TAMMANY RECREATION DISTRICT #12**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2017

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

**Ad Valorem Taxes**

Ad valorem taxes are normally levied in November and billed in December. These taxes are due in January of the following year. Any unpaid taxes are collected in connection with an auction held in May. The Sheriff's department bills and collects the District's ad valorem taxes.

Ad valorem taxes are levied based on property values determined by the St. Tammany Parish Assessor (a separate entity). All land and residential improvements are assessed at 10 percent of its fair market value, and other property at 15 percent of its fair market value. The District was authorized to levy an ad valorem tax of 10 mils on May 2, 1999, commencing in 1999. The tax is to be used for the purpose of acquiring, constructing, improving, maintaining, or operating parks, playgrounds, recreation centers, and other recreational facilities within the boundaries of the Second Ward of the Parish of St. Tammany. The District was authorized to levy an additional ad valorem tax of 2.15 mils in 2017 for bond repayment.

The District's ad valorem tax revenues are recognized when levied to the extent that they are determined to be currently collectible.

**Allowance for Uncollectible Receivables**

The District's primary revenue source, ad valorem taxes, becomes delinquent if not paid by March 1 following the year of assessment. Unpaid taxes attach as an enforceable lien of property. The Board of Commissioners determined, based on research of historical information, that current collections are approximately 94% of the tax levy. At December 31, 2017, the amount of estimated uncollectible receivables was \$18,563.

**Capital Assets**

Capital assets are reported in the government-wide financial statements at historical cost, net of depreciation. Additions, improvements, or other capital outlays greater than \$500 that significantly extend the useful life of an asset are capitalized. Donated assets, if any, are valued at their estimated fair market value on the date received. Costs incurred for repairs and maintenance are expensed. Capital assets are depreciated on a straight-line basis over the following estimated useful lives:

Equipment	5 – 15 years
Building and improvements	3 – 40 years

**Long-Term Obligations**

Expenditures for principal and interest payments for long-term obligations are recognized in the governmental funds when due and paid.

**ST. TAMMANY RECREATION DISTRICT #12**  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2017

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

**Interfund Transactions**

During the course of normal operations, the District has transactions between funds. Interfund transactions are generally classified as follows:

- Transfers are reported as other financing sources and uses in the governmental funds, as transfers in by the recipient funds and transfers out by the disbursing fund.
- On the governmental funds balance sheet, receivables and payables resulting from short-term interfund loans are classified as due to other funds.
- These amounts are eliminated on the statement of net position. There were no amounts due to/from other funds as of December 31, 2017.

**SUBSEQUENT EVENTS**

Management has evaluated subsequent events through the date that the financial statements were available to be issued, April 20, 2018, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

(2) **CASH AND CASH EQUIVALENTS**

At December 31, 2017, the carrying value of the District's cash and cash equivalents consisted of:

Home Bank Operations and Maintenance	\$ 44,644
Home Bank General Fund	3,396
Home Bank Sports	2,165
Home Bank Concessions	<u>2,244</u>
 Total cash and cash equivalents	 <u>\$ 52,449</u>

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- Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. At December 31, 2017, the District had \$57,318 in deposits (collected bank balances). These deposits are fully secured from risk by federal deposit insurance.

**ST. TAMMANY RECREATION DISTRICT #12**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2017

**(3) CASH – LAMP INVESTMENTS**

Cash – LAMP Investments of \$56,919, which are stated at market using published market quotes at December 31, 2017, consisted of investments in the Louisiana Asset Management Pool, Inc. (LAMP), a local government investment pool.

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

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool share.

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

**(4) CAPITAL ASSETS**

Capital assets and depreciation activity as of and for the year ended December 31, 2017 for the primary government are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
<b>Capital assets, not being depreciated:</b>				
Land	\$ 91,580	\$ -	\$ -	\$ 91,580
<b>Capital assets, being depreciated:</b>				
Equipment	79,369	-	-	79,369
Building and improvements	<u>1,564,350</u>	<u>130,778</u>	-	<u>1,695,128</u>
Total capital assets, being depreciated	1,643,719	130,779	-	1,774,497
Less: accumulated depreciation	<u>(774,308)</u>	<u>(53,227)</u>	-	<u>(827,535)</u>
Net capital assets	<u>\$ 960,991</u>	<u>\$ 77,551</u>	<u>\$ -</u>	<u>\$ 1,038,542</u>

Depreciation expense for the year ended December 31, 2017 was \$53,227.

**ST. TAMMANY RECREATION DISTRICT #12**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2017

**(5) CERTIFICATES OF INDEBTEDNESS**

The District, pursuant to an election and authority granted by the State Bond Commission, was authorized to levy a tax of up to 10 mils for the period from 2009 through 2019. In conjunction with the authorization, the District issued its certificates of indebtedness to a bank in the original amount of \$900,000. The purpose of the issuance of the certificates of indebtedness was for purchasing, acquiring, constructing, and improving parks, playgrounds, recreation centers and other recreational facilities.

These certificates have a maturity of twenty (20) years beginning in June 1999 and bear interest ranging from 3.50% to 5.00%. Principal payments are due annually on June 1 and interest is payable on June 1 and December 1 of each year. Interest paid for the year ended December 31, 2017 was \$6,250.

Annual debt service requirements to maturity are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	<u>\$ 75,000</u>	<u>\$ 1,875</u>	<u>\$ 76,875</u>

The following is a summary of the changes in long-term obligations as of December 31, 2017:

	<u>January 1,</u> <u>2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>December 31,</u> <u>2017</u>	<u>Due within</u> <u>one year</u>
Certificates of indebtedness	<u>\$ 145,000</u>	<u>\$ -</u>	<u>\$ 70,000</u>	<u>\$ 75,000</u>	<u>\$ 75,000</u>

**(6) RETIREMENT PLAN**

The District has salary deferral plans qualified under Section 401(a) and Section 457 of the Internal Revenue Code (the Plans). The Plans cover employees who have attained age 21 and have completed continuous 1,000 hours of service in a 12-month eligibility computation period. The District matches up to 3% of the employee's contributions to the Plan. Employees may contribute to the Plan up to the maximum amount allowed by the Internal Revenue Code. Plan expenses (including the District's contributions) were \$3,727 for the year ended December 31, 2017.

**(7) CONCENTRATIONS OF REVENUE**

Of the District's revenues, \$319,239 (70%) are obtained through a single source, ad valorem taxes, for the year ended December 31, 2017.

**ST. TAMMANY RECREATION DISTRICT #12**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCE - BUDGET TO ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b><u>REVENUES:</u></b>				
Ad valorem taxes	\$ 263,200	\$ 269,204	\$ 261,469	\$ (7,735)
State revenue sharing	9,800	9,440	10,042	602
Interest income	-	-	1,719	1,719
Culture and recreation	111,000	111,000	100,159	(10,841)
Other income	<u>-</u>	<u>-</u>	<u>359</u>	<u>359</u>
 Total revenues	 384,000	 389,644	 373,748	 (15,896)
<b><u>EXPENDITURES:</u></b>				
Salaries	98,700	113,700	108,959	4,741
Sports	66,000	66,000	49,447	16,553
Legal and professional	28,500	28,500	28,623	(123)
Repairs and maintenance	17,000	17,000	34,509	(17,509)
Concessions	25,000	25,000	13,042	11,958
Utilities	20,500	20,500	21,511	(1,011)
Insurance	22,500	22,500	21,079	1,421
Office expenditure	15,000	15,000	15,358	(358)
Other	5,700	5,700	6,462	(762)
Payroll taxes	7,800	7,800	8,580	(780)
Field maintenance	23,000	23,000	15,631	7,369
Retirement plan expenses	1,500	1,500	3,727	(2,227)
Capital outlay	<u>155,800</u>	<u>155,800</u>	<u>130,778</u>	<u>25,022</u>
 Total expenditures	 <u>487,000</u>	 <u>502,000</u>	 <u>457,706</u>	 <u>44,294</u>
 Deficiency of revenues over expenditures	 (103,000)	 (112,356)	 (83,958)	 28,398
 Intergovernmental Transfers	 <u>-</u>	 <u>-</u>	 <u>(18,278)</u>	 <u>(18,278)</u>
 Deficiency of revenues over expenditures and other sources	 <u>\$ (103,000)</u>	 <u>\$ (112,356)</u>	 <u>\$ (102,236)</u>	 <u>\$ 10,120</u>

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

**See independent auditors' report**

**ST. TAMMANY RECREATION DISTRICT #12**  
**SCHEDULE OF COMPENSATION PAID TO BOARD MEMBERS**  
FOR THE YEAR ENDED DECEMBER 31, 2017

<u>Board of Commissioners</u>	<u>Compensation</u>
Timothy Bartholomew, Chairman 14360 Phillips Lane P.O. Box 181, Folsom, LA 70437	\$ -0-
Peter Cannizzaro 80262 N. Willie Road Folsom, LA 70437	-0-
William R. Richardson 12191 Richardson Hill Road P.O. Box 825, Folsom, LA 70437	-0-
Antoine Brumfield 84091 Celia Brumfield Road, Folsom, LA 70437	-0-
James Rogers P.O. Box 471, Folsom, LA 70437	-0-

See independent auditors' report

**ST. TAMMANY RECREATION DISTRICT #12**  
**SCHEDULE OF COMPENSATION, BENEFITS AND OTHER**  
**PAYMENTS TO AGENCY HEAD**  
FOR THE YEAR ENDED DECEMBER 31, 2017

**Agency Head Name:** Timothy Bartholomew, Board Chairman

<u>PURPOSE</u>	<u>AMOUNT</u>
Salary	\$ -
Benefits-health insurance	-
Benefits-retirement	-
Deferred compensation	-
Workers comp	-
Benefits-life insurance	-
Benefits-long term disability	-
Benefits-Fica and Medicare	-
Car allowance	-
Vehicle provided by government	-
Cell phone	-
Dues	-
Vehicle rental	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Unvouchered expenses	-
Meetings and conventions	-
Other	-
	\$ -

\* Louisiana Revised Statute 24:513(A)(3) as amended by Act 706 of the 2014 Regular Legislative Session requires that the total compensation, reimbursements, and benefits of an agency head or political subdivision head or chief executive officer related to the position, including but not limited to travel, housing, unvouchered expenses, per diem, and registration fees be reported as a supplemental report within the financial statement of local governmental and quasi-public auditees. In 2015 Act 462 of the 2015 Regular Session of the Louisiana Legislature further amended R.S. 24:513(A)(3) to clarify that nongovernmental entities or not-for-profit entities that receive public funds shall report only the use of public funds for the expenditures itemized in the supplemental report. Timothy Bartholomew did not receive any public funds in the current fiscal year.

**See independent auditors' report**



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

To the Board of Commissioners of  
St. Tammany Parish Recreation District #12

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of St. Tammany Recreation District #12 (the "District") as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise St. Tammany Parish Recreation District #12's basic financial statements, and have issued our report thereon dated April 20, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of St. Tammany Recreation District #12's internal control. Accordingly, we do not express an opinion on the effectiveness of St. Tammany Recreation District #12'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



To the Board of Commissioners of  
St. Tammany Parish Recreation District #12  
April 20, 2018

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether St. Tammany Recreation District #12's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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

April 20, 2018  
Mandeville, Louisiana

*Erickson Krentel* CPA  
Certified Public Accountants

**ST. TAMMANY RECREATION DISTRICT #12**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**A. SUMMARY OF AUDIT RESULTS**

1. The auditors' report expresses an unmodified opinion on the financial statements of St. Tammany Parish Recreation District #12.
2. No significant deficiencies disclosed during the audit are reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance disclosed during the audit are reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
4. A management letter was not issued for the year ended December 31, 2017.

**B. FINDINGS – FINANCIAL STATEMENT AUDIT**

None

**ST. TAMMANY RECREATION DISTRICT #12**  
**SCHEDULE OF PRIOR YEAR FINDINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

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

**2015-01 - Failure to Comply with Louisiana Ethics Law**

During the prior audit, it was determined that the district had an employee and a board member which were not in compliance with **Louisiana Revised Statute 42:1101-1124** [Code of Ethics]. These two individuals had failed to review their annual ethics training as required by this code of ethics.

This item has been fully resolved.

**MANAGEMENT LETTER ITEMS**

A management letter was not issued in the prior year.

**ST. TAMMANY RECREATION DISTRICT #12**

**FOLSOM, LOUISIANA**

**AGREED-UPON PROCEDURES**

**FOR THE YEAR ENDED**

**DECEMBER 31, 2017**



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

To the Board of St. Tammany Recreation District #12  
Folsom, Louisiana

We have performed the procedures enumerated below, which were agreed to by the St. Tammany Recreation District #12 and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the agreed upon procedures for the year ended December 31, 2017 in accordance with Act 774 of 2014 Regular Legislative Session. The St. Tammany Recreation District #12's management is responsible for those C/C areas identified in the agreed upon procedures. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

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

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

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

June 18, 2018  
Mandeville, Louisiana

*Ericksen Krentel LLP*  
Certified Public Accountants

ST. TAMMANY RECREATION DISTRICT #12  
AGREED-UPON PROCEDURES  
JANUARY 1, 2017 TO DECEMBER 31, 2017

**Ethics**

**Procedures:**

1. Obtain a listing of employees (and elected officials, if applicable) and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain ethics compliance documentation from management, and:
  - a) Report whether a signed verification of having read the ethics policy is located in the employee file for the fiscal period;
  - b) Report whether the entity maintained documentation to demonstrate that required ethics training was completed

**Results:**

The entity's written policies and procedures on ethics require that all employees annually attest through signature verification that they have read the entity's ethics policy. In addition, the 4 employees and one board member had a signed ethics policy verification and the 5 selected had the proper documentation that training had been completed.

**Written Policies and Procedures**

**Procedures:**

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
  - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget

**Conclusion:** Ericksen Krentel, LLP (EK) noted that the District had sufficient policies and procedures which addressed all of the aforementioned functions.

**Procedures:**

- 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

**Conclusion:** EK noted that the District had sufficient policies and procedures which addressed all of the aforementioned functions.

ST. TAMMANY RECREATION DISTRICT #12  
AGREED-UPON PROCEDURES (CONTINUED)  
JANUARY 1, 2017 TO DECEMBER 31, 2017

**Procedures:**

- c) *Disbursements*, including processing, reviewing, and approving

**Conclusion:** EK noted that the District had sufficient policies and procedures which addressed all of the aforementioned functions.

**Procedures:**

- d) *Receipts*, including receiving, recording, and preparing deposits

**Conclusion:** EK noted that the District had sufficient policies and procedures which addressed all of the aforementioned functions.

**Procedures:**

- e) *Payroll/Personnel*, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked

**Conclusion:** EK noted that the District had sufficient policies and procedures which addressed all of the aforementioned functions.

**Procedures:**

- 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

**Conclusion:** EK noted that the District had sufficient policies and procedures which addressed all of the aforementioned functions.

ST. TAMMANY RECREATION DISTRICT #12  
AGREED-UPON PROCEDURES (CONTINUED)  
JANUARY 1, 2017 TO DECEMBER 31, 2017

**Procedures:**

- g) *Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)*, including (1) how cards are to be controlled, (2) required approvers, and (3) monitoring card usage

**Conclusion:** EK noted that the District had sufficient policies and procedures which addressed all of the aforementioned functions.

**Procedures:**

- h) *Travel and expense reimbursement*, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

**Conclusion:** EK noted that the District had sufficient policies and procedures which addressed all of the aforementioned functions.

**Procedures:**

- i) *Debt Service*, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements

**Conclusion:** EK noted that the District had sufficient policies and procedures which addressed all of the aforementioned functions.