

**RECREATION DISTRICT NO. 1
OF ST. TAMMANY PARISH
Mandeville, Louisiana**

Annual Financial Statements

December 31, 2018



Contents

Independent Auditor's Report	1 - 3
------------------------------	-------

Required Supplementary Information (Part I)	
Management's Discussion and Analysis	5 - 11

Basic Financial Statements

Government-Wide Financial Statements	
Statement of Net Position	13
Statement of Activities	14
Fund Financial Statements	
Balance Sheet - Governmental Funds	16
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
Statement of Net Position - Proprietary Funds	19
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	20
Statement of Cash Flows - Proprietary Funds	21
Notes to Financial Statements	22 - 41

Required Supplementary Information (Part II)

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Cash Basis) - General Fund	43 - 44
Schedule of Proportionate Share of the Net Pension Liability	45
Schedule of Contributions to Defined Benefit Pension Plan	46

Other Supplementary Information

Schedule of Compensation Paid to Governing Board	48
Schedule of Compensation, Benefits, and Other Payments to Agency Head	49

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	50 - 51
--	---------

Schedule of Findings and Responses	52
------------------------------------	----

Independent Auditor's Report

To the Board of Commissioners
Recreation District No. 1 of St. Tammany Parish
Mandeville, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund, of Recreation District No. 1 of St. Tammany Parish (the District), a component unit of St. Tammany Parish, Louisiana, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the District, as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5 - 11 and 43 and 44, respectively, and the supplementary schedules required by Governmental Accounting Standards Board Statement No. 68 on pages 45 and 46, 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 (GASB) 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 schedule of compensation paid to governing board and the schedule of compensation, benefits, and other payments to agency head are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of compensation paid to governing board and the schedule of compensation, benefits, and other payments to agency head, as required by Louisiana Revised Statute (LRS) 24:513 A(3), are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation paid to 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 1, 2019, 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 1, 2019

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

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH

Management's Discussion and Analysis For the Year Ended December 31, 2018

This section of Recreation District No. 1 of St. Tammany Parish's (the District) financial report presents discussion and analysis of the District's financial performance during the year ended December 31, 2018. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

Assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources on December 31, 2018 by \$24,488,544 (net position). The District's net position has increased by \$715,368, or 3%, in comparison with the prior fiscal year.

As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$10,508,320, an increase of \$749,418 in comparison with the prior fiscal year. This amount includes \$1,647,189 in the District's Debt Service Fund restricted for future debt requirements, \$4,806,190 in the Capital Projects - Construction Fund, and \$56,057 in the Capital Projects - Development Fund that is assigned by the Board for current improvement projects, new pathways, paving of parking lots, insurance reserves, capital improvement reserves, and future land acquisitions. The remaining \$3,998,884 is the funding for the budget year 2019 for the operations and maintenance (O&M) in the General Fund. The General Fund/O&M is the account that pays for daily operations of the park, staffing, insurances, utilities, supplies, field and building equipment, turf supplies, etc.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statement focus is on both the District as a whole and on the major individual funds. Both perspectives (government-wide and major funds) allow the user to address relevant questions, broaden a basis for comparison, and enhance the District's accountability. The statements then proceed to provide an increasingly detailed look at specific financial activities.

Management's Discussion and Analysis (MD&A) serves as an introduction to the basic financial statements. The District's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH

Management's Discussion and Analysis For the Year Ended December 31, 2018

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to private-sector business. These financial statements are reported using the full accrual accounting method. Additionally, these statements combine governmental funds' current financial resources with capital assets and long-term obligations.

The statement of net position presents information on all of the District's assets and liabilities, and deferred inflows/outflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the District's activities upon general revenues - property taxes provided by the District's taxpayers.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities. The District uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the District's most significant funds rather than the District as a whole. The fund financial statements are reported using the modified accrual basis of accounting.

Notes to Financial Statements

The notes to the financial statements provide required disclosures essential to the understanding of the financial statements. The notes present information about the District's accounting policies, significant account balances and activities, commitments, contingencies, and, if any, significant events.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The District's assets exceeded liabilities by \$24,488,544 at the close of the most recent fiscal year.

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH

Management's Discussion and Analysis For the Year Ended December 31, 2018

The following table reflects the condensed statements of net position for 2018 and 2017:

Condensed Statements of Net Position December 31, 2018 and 2017

	Governmental Activities		Business-Type Activities		Total Government	
	2018	2017	2018	2017	2018	2017
Assets						
Current and Other Assets	\$ 9,913,313	\$ 9,193,157	\$ 64,390	\$ 98,366	\$ 9,977,703	\$ 9,291,523
Restricted Assets	1,041,113	948,370	-	-	1,041,113	948,370
Capital Assets, Net	21,203,324	21,919,871	-	-	21,203,324	21,919,871
Total Assets	32,157,750	32,061,398	64,390	98,366	32,222,140	32,159,764
Deferred Outflows of Resources	444,469	736,150	11,933	19,513	456,402	755,663
Liabilities						
Current Liabilities	1,201,387	1,145,066	3,765	2,998	1,205,152	1,148,064
Long-Term Liabilities	6,466,762	7,891,305	-	14,649	6,466,762	7,905,954
Total Liabilities	7,668,149	9,036,371	3,765	17,647	7,671,914	9,054,018
Deferred Inflows of Resources	502,059	85,661	16,025	2,572	518,084	88,233
Net Position						
Net Investment in Capital Assets	13,871,562	13,757,916	-	-	13,871,562	13,757,916
Restricted	1,647,189	1,736,822	-	-	1,647,189	1,736,822
Unrestricted	8,913,260	8,180,778	56,533	97,660	8,969,793	8,278,438
Total Net Position	\$ 24,432,011	\$ 23,675,516	\$ 56,533	\$ 97,660	\$ 24,488,544	\$ 23,773,176

The largest portion of the District's net position (56.6%) as of December 31, 2018, reflects the net investment in capital assets (buildings, infrastructure, machinery, and equipment). The District uses these assets to provide services to the public; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The second largest portion of the District's net position (36.6%) as of December 31, 2018, is unrestricted. The unrestricted net position of \$8,969,793 includes the funding for operations, capital improvement projects, staffing, insurances, utilities, etc. All of these funds have been assigned to specific projects or budgeted for subsequent year operations by the Board of Commissioners.

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH

Management's Discussion and Analysis For the Year Ended December 31, 2018

The remaining portion of the District's net position of \$1,647,189 (6.7%) as of December 31, 2018, represents resources that are subject to external restrictions. These funds can only be used for debt service payments incurred and approved by the voters to repay the loans to develop and build aspects of Pelican Park, which is owned and operated by the District.

The District's current ratio compares the current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratios at year-end are:

Year Ended December 31,	Ratio
2018	8.28 to 1
2017	8.92 to 1
2016	9.39 to 1
2015	4.82 to 1
2014	4.66 to 1

The District has a net investment in capital assets to provide services for its taxpayers as a portion of total net position as follows:

Year Ended December 31,	Percent
2018	56.6%
2017	57.9%
2016	56.9%
2015	56.4%
2014	58.6%

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH

Management's Discussion and Analysis For the Year Ended December 31, 2018

The following table provides a summary of the changes in net position for the year ended December 31, 2018, with comparative figures for 2017:

Condensed Statements of Changes in Net Position Years Ended December 31, 2018 and 2017

	Governmental Activities		Business-Type Activities		Total Government	
	2018	2017	2018	2017	2018	2017
Revenues						
Program Revenues						
Charges for Services	\$ 212,905	\$ 240,224	\$ 476,263	\$ 504,663	\$ 689,168	\$ 744,887
General Revenues						
Ad Valorem Taxes	4,435,787	4,598,213	-	-	4,435,787	4,598,213
State Appropriations	176,151	185,948	-	-	176,151	185,948
State Revenue Sharing	63,872	63,352	-	-	63,872	63,352
Other Income	105,740	93,675	761	5,919	106,501	99,594
Endorsements	25,378	25,903	-	-	25,378	25,903
Earnings on Investments	109,641	87,732	1,637	1,755	111,278	89,487
Total Revenues	5,129,474	5,295,047	478,661	512,337	5,608,135	5,807,384
Expenses						
Program Expenses						
Recreation	4,259,917	4,289,898	-	-	4,259,917	4,289,898
Interest on Long-Term Debt	234,688	255,133	-	-	234,688	255,133
Sports	-	-	250,110	272,378	250,110	272,378
Enterprise	-	-	148,052	159,763	148,052	159,763
Total Expenses	4,494,605	4,545,031	398,162	432,141	4,892,767	4,977,172
Excess Before Transfers	634,869	750,016	80,499	80,196	715,368	830,212
Transfers	121,626	89,241	(121,626)	(89,241)	-	-
Increase (Decrease) in Net Position	756,495	839,257	(41,127)	(9,045)	715,368	830,212
Net Position, Beginning of Year	23,675,516	22,836,259	97,660	106,705	23,773,176	22,942,964
Net Position, End of Year	\$ 24,432,011	\$ 23,675,516	\$ 56,533	\$ 97,660	\$ 24,488,544	\$ 23,773,176

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH

Management's Discussion and Analysis For the Year Ended December 31, 2018

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, the unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$10,508,320, an increase of \$749,418 in comparison with the prior year of \$9,758,902.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, assigned fund balance of the General Fund was \$3,911,160, or 37.2% of the total governmental fund balance of \$10,508,320. The General Fund increased by \$110,403, for the year ended December 31, 2018.

The Debt Service Fund had a decrease in fund balance of \$89,633, as a result of debt service interest and principal payments exceeding ad valorem tax revenue.

Proprietary Funds

The District's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The two proprietary funds are the Sports and Enterprise Funds.

The largest sources of proprietary income are from sports registration fees and concessions and vending, totaling \$295,609 and \$171,643, respectively. The change in net position for these two proprietary funds is consistent with prior years as excess income is transferred to the General Fund.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Louisiana Local Government Budget Act requires that the District adopt budget amendments whenever revenue collections fail to meet projections by more than 5%; or when actual projected expenditures exceed budgeted expenditures by more than 5%; or when actual beginning fund balance fails to meet estimated beginning fund balance by more than 5% if fund balance is being used to fund current year expenditures. The District amended its budget for the General Fund in the year ended December 31, 2018.

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH

Management's Discussion and Analysis For the Year Ended December 31, 2018

CAPITAL ASSET AND DEBT ADMINISTRATION

The District's investment in capital assets for its governmental activities as of December 31, 2018 amounts to \$21,203,324, net of accumulated depreciation. This investment in capital assets includes construction in progress, buildings, parking lots, fields, trails, pathways, vehicles, roads, well, water and sewer, and equipment.

Major capital assets completed or in progress during the current fiscal year included the following:

Construction in Progress - The Grove	\$ 119,497
Construction in Progress - Castine Center Roof	7,410
Buildings	71,442
Motor Vehicles	17,721
Roads	7,041
Equipment	106,896

The District had \$6,085,000 in current and long-term general obligation bonds and \$1,245,000 in certificates of indebtedness as of December 31, 2018. The general obligation bonds are secured by an ad valorem tax levy. The District retired \$830,000 of its debt in 2018.

FUTURE ECONOMIC PLANS

The official budget for 2019 includes revenues of \$4,075,669 and expenditures of \$4,075,669.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances. Questions concerning this report or the need for financial information should be directed to RD#1 of St. Tammany Parish, Finance Department, 63350 Pelican Drive, Mandeville, LA 70448.

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

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH
Statement of Net Position
December 31, 2018

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 5,704,756	\$ 53,144	\$ 5,757,900
Restricted Cash and Cash Equivalents	1,041,113	-	1,041,113
Investments	44,950	-	44,950
Receivables - Ad Valorem Taxes, Net	3,890,377	-	3,890,377
Receivables - State Revenue Sharing	10,607	-	10,607
Internal Balances	10,003	(10,003)	-
Inventory	-	3,536	3,536
Prepaid Expenses	87,724	11,531	99,255
Net Pension Asset	164,896	6,182	171,078
Capital Assets, Net of Accumulated Depreciation	21,203,324	-	21,203,324
Total Assets	32,157,750	64,390	32,222,140
Deferred Outflows of Resources			
Deferred Outflows on Pension Obligation	373,845	11,933	385,778
Deferred Outflows on Bond Refunding	70,624	-	70,624
Total Deferred Outflows of Resources	444,469	11,933	456,402
Liabilities			
Accounts Payable	28,249	1,896	30,145
Accrued Expenses	109,502	1,869	111,371
Deposits	55,387	-	55,387
Accrued Interest	71,780	-	71,780
Non-Current Liabilities			
Compensated Absences	71,469	-	71,469
Certificates of Indebtedness			
Due Within One Year	90,000	-	90,000
Due in More than One Year	1,155,000	-	1,155,000
Bonds Payable			
Due Within One Year	775,000	-	775,000
Due in More than One Year	5,311,762	-	5,311,762
Total Liabilities	7,668,149	3,765	7,671,914
Deferred Inflows of Resources			
Deferred Inflows on Pension Obligation	502,059	16,025	518,084
Total Deferred Inflows of Resources	502,059	16,025	518,084
Net Position			
Net Investment in Capital Assets	13,871,562	-	13,871,562
Restricted - Debt Service	1,647,189	-	1,647,189
Unrestricted	8,913,260	56,533	8,969,793
Total Net Position	\$ 24,432,011	\$ 56,533	\$ 24,488,544

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

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH
Statement of Activities
For the Year Ended December 31, 2018

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities						
Recreation	\$ 4,259,917	\$ 212,905	\$ -	\$ (4,047,012)	\$ -	\$ (4,047,012)
Debt Service Interest and Fees	234,688	-	-	(234,688)	-	(234,688)
Total Governmental Activities	4,494,605	212,905	-	(4,281,700)	-	(4,281,700)
Business-Type Activities						
Sports	250,110	295,609	-	-	45,499	45,499
Enterprise	148,052	180,654	-	-	32,602	32,602
Total Business-Type Activities	398,162	476,263	-	-	78,101	78,101
Total	\$ 4,892,767	\$ 689,168	\$ -	(4,281,700)	78,101	(4,203,599)
General Revenues						
Ad Valorem Taxes				4,435,787	-	4,435,787
State Appropriations				176,151	-	176,151
Other Income				105,740	761	106,501
State Revenue Sharing				63,872	-	63,872
Endorsements				25,378	-	25,378
Earnings on Investments				109,641	1,637	111,278
Transfers In (Out)				121,626	(121,626)	-
Total General Revenues and Transfers				5,038,195	(119,228)	4,918,967
Change in Net Position				756,495	(41,127)	715,368
Net Position, Beginning of Year				23,675,516	97,660	23,773,176
Net Position, End of Year				\$ 24,432,011	\$ 56,533	\$ 24,488,544

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

**BASIC FINANCIAL STATEMENTS
FUND FINANCIAL STATEMENTS**

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH
Balance Sheet
Governmental Funds
December 31, 2018

	General	Capital Projects - Construction	Capital Projects - Development	Debt Service	Total Governmental Funds
Assets					
Cash and Cash Equivalents	\$ 818,473	\$ 4,822,186	\$ 64,097	\$ 1,041,113	\$ 6,745,869
Investments	44,950	-	-	-	44,950
Receivables - Ad Valorem Taxes, Net	3,352,908	-	-	537,469	3,890,377
Receivables - State Revenue Sharing	10,607	-	-	-	10,607
Prepaid Expenses	87,724	-	-	-	87,724
Due from Other Funds	10,003	-	-	68,607	78,610
Total Assets	\$ 4,324,665	\$ 4,822,186	\$ 64,097	\$ 1,647,189	\$ 10,858,137
Liabilities					
Accounts Payable	\$ 4,213	\$ 15,996	\$ 8,040	\$ -	\$ 28,249
Accrued Expenses	109,502	-	-	-	109,502
Due to Other Funds	68,607	-	-	-	68,607
Deposits	55,387	-	-	-	55,387
Total Liabilities	237,709	15,996	8,040	-	261,745
Deferred Inflows of Resources					
Unavailable Ad Valorem Taxes	88,072	-	-	-	88,072
Total Deferred Inflows of Resources	88,072	-	-	-	88,072
Fund Balances					
Nonspendable Amounts					
Not in Spendable Form	87,724	-	-	-	87,724
Restricted for Debt Service	-	-	-	1,647,189	1,647,189
Assigned	3,911,160	4,806,190	56,057	-	8,773,407
Total Fund Balances	3,998,884	4,806,190	56,057	1,647,189	10,508,320
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 4,324,665	\$ 4,822,186	\$ 64,097	\$ 1,647,189	-

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

Capital assets used in governmental activities are not financial resources and; therefore, are not reported in the funds.	21,203,324
Deferred outflows on refunding was expensed when incurred in the funds.	70,624
Compensated absences are not due and payable in the current period and; therefore, are not reported in the funds.	(71,469)
Deferred inflows of resources - unavailable ad valorem taxes are not reported on government-wide financial statements.	88,072
Accrued interest on long-term liabilities is not reported in the governmental funds.	(71,780)
The District follows the requirements of GASB Statement No. 68, which provides for the recognition of pension obligations. This includes the recognition of related deferred outflows and inflows.	(128,214)
Long-term liabilities are not due and payable in the current period and; therefore, are not reported in the funds. Those liabilities consist of:	
Net Pension Asset	164,896
Certificates of Indebtedness	(1,245,000)
Bonds Payable	(6,086,762)
Net Position of Governmental Activities	\$ 24,432,011

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

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2018

	General	Capital Projects - Construction	Capital Projects - Development	Debt Service	Total Governmental Funds
Revenues					
Ad Valorem Taxes	\$ 3,468,945	\$ -	\$ -	\$ 1,025,121	\$ 4,494,066
Rental Income	212,905	-	-	-	212,905
Other Income	47,912	-	-	-	47,912
State Appropriations	176,151	-	-	-	176,151
State Revenue Sharing	63,872	-	-	-	63,872
Endorsements	25,378	-	-	-	25,378
Earnings on Investments	28,447	67,787	2,427	10,787	109,448
Total Revenues	4,023,610	67,787	2,427	1,035,908	5,129,732
Expenditures					
Current					
Administration	1,381,941	-	-	2,136	1,384,077
Park	1,066,868	58,113	-	-	1,124,981
Castine Center	370,072	-	-	-	370,072
Recreation	285,361	-	-	-	285,361
Debt Service					
Principal Retirement	-	-	-	830,000	830,000
Interest and Fiscal Charges	-	-	-	225,859	225,859
Capital Outlay	59,101	143,119	79,370	-	281,590
Total Expenditures	3,163,343	201,232	79,370	1,057,995	4,501,940
Excess (Deficiency) of Revenues Over Expenditures	860,267	(133,445)	(76,943)	(22,087)	627,792
Other Financing Sources (Uses)					
Transfers In	72,071	1,227,696	-	-	1,299,767
Transfers Out	(821,935)	-	(288,660)	(67,546)	(1,178,141)
Total Other Financing Sources (Uses)	(749,864)	1,227,696	(288,660)	(67,546)	121,626
Net Change in Fund Balances	110,403	1,094,251	(365,603)	(89,633)	749,418
Fund Balances, Beginning of Year	3,888,481	3,711,939	421,660	1,736,822	9,758,902
Fund Balances, End of Year	\$ 3,998,884	\$ 4,806,190	\$ 56,057	\$ 1,647,189	\$ 10,508,320

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

RECREATION DISTRICT NO. 1 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, 2018

Net Change in Fund Balances - Total Governmental Funds	\$ 749,418
<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 and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.</p>	(756,913)
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to increase net assets.</p>	40,366
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:</p>	
<p>Change in Unavailable Ad Valorem Taxes</p>	(58,279)
<p>Contributions Made to Retirement Plan by Other Governments</p>	17,462
<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 net position. Also, governmental funds report premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. These amounts are the net effect of these differences in the treatment of long-term debt and related items:</p>	
<p>Change in Interest Payable</p>	7,012
<p>Amortization of Deferred Loss on Bond Refunding</p>	(15,841)
<p>Bond Principal Payments</p>	830,000
<p>Amortization of Bond Premium</p>	193
<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 the governmental fund:</p>	
<p>Compensated Absences Payable</p>	145
<p>Change in the Net Pension Liability and Related Deferred Amounts</p>	(57,068)
<p>Change in Net Position of Governmental Activities</p>	\$ 756,495

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

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH
Statement of Net Position
Proprietary Funds
December 31, 2018

	Sports	Enterprise	Total
Assets			
Current Assets			
Cash and Cash Equivalents	\$ 16,977	\$ 36,167	\$ 53,144
Inventory	-	3,536	3,536
Prepaid Expense	11,531		11,531
Net Pension Asset	-	6,182	6,182
Total Assets	28,508	45,885	74,393
Deferred Outflows of Resources			
Deferred Outflows on Pension Obligation	-	11,933	11,933
Total Deferred Outflows of Resources	-	11,933	11,933
Liabilities			
Current Liabilities			
Accounts Payable	1,744	152	1,896
Accrued Expenses	-	1,869	1,869
Due to Other Funds	10,003	-	10,003
Total Liabilities	11,747	2,021	13,768
Deferred Inflows of Resources			
Deferred Inflows on Pension Obligation	-	16,025	16,025
Total Deferred Inflows of Resources	-	16,025	16,025
Net Position			
Unrestricted	\$ 16,761	\$ 39,772	\$ 56,533

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

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2018

	Sports	Enterprise	Total
Operating Revenues			
Registration Fees	\$ 295,609	\$ -	\$ 295,609
Concessions and Vending	-	171,643	171,643
Batting Cage Income	-	9,011	9,011
Earnings on Investments	814	823	1,637
Non-Employer Retirement Contributions	-	557	557
Other Income	204	-	204
	<hr/>		
Total Operating Revenues	296,627	182,034	478,661
Operating Expenses			
Concessions	-	141,022	141,022
Officials and Scorers	103,387	-	103,387
Uniforms	51,133	-	51,133
Other	52,333	-	52,333
Sports Supplies	10,738	-	10,738
Awards	20,785	-	20,785
Refunds	11,734	-	11,734
Batting Cage Expenses	-	7,030	7,030
	<hr/>		
Total Operating Expenses	250,110	148,052	398,162
Net Operating Income	46,517	33,982	80,499
Transfers	(38,309)	(83,317)	(121,626)
	<hr/>		
Change in Net Position	8,208	(49,335)	(41,127)
Net Position, Beginning of Year	8,553	89,107	97,660
	<hr/>		
Net Position, End of Year	\$ 16,761	\$ 39,772	\$ 56,533
	<hr/>		

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

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2018

	Sports	Enterprise	Total
Cash Flows from Operating Activities			
Receipts from Customers	\$ 296,627	\$ 182,209	\$ 478,836
Payments for Goods and Services	(248,179)	(148,052)	(396,231)
Net Cash Provided by Operating Activities	<u>48,448</u>	<u>34,157</u>	<u>82,605</u>
Cash Flows from Non-Capital Financing Activities			
Transfer to Other Funds	(38,309)	(83,317)	(121,626)
Net Cash Used in Non-Capital Financing Activities	<u>(38,309)</u>	<u>(83,317)</u>	<u>(121,626)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	10,139	(49,160)	(39,021)
Cash and Cash Equivalents, Beginning of Year	<u>6,838</u>	<u>85,327</u>	<u>92,165</u>
Cash and Cash Equivalents, End of Year	<u>\$ 16,977</u>	<u>\$ 36,167</u>	<u>\$ 53,144</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Net Operating Income	\$ 46,517	\$ 33,982	\$ 80,499
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities			
Changes in Assets and Liabilities			
(Increase) Decrease in:			
Accounts Receivable	-	175	175
Inventory	-	(273)	(273)
Prepaid Expense	1,233	-	1,233
Increase (Decrease) in:			
Accrued Expenses	-	(81)	(81)
Accounts Payable	698	152	850
Pension Items	-	202	202
Net Cash Provided by Operating Activities	<u>\$ 48,448</u>	<u>\$ 34,157</u>	<u>\$ 82,605</u>

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

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

The mission of Recreation District No. 1 of St. Tammany Parish (the District) is to provide recreational opportunities and facilities to the residents of the area that includes the greater Mandeville, Louisiana area. The District offers youth and adult sports leagues and programs. The accounting and reporting policies of the District conform to accounting principles generally accepted in the United States of America applicable to government entities. The following is a summary of significant accounting policies.

Reporting Entity

The District was created in 1975 by Ordinance 623 and re-established in 2000 by Ordinance 157 of St. Tammany Parish (the Parish). The District is governed by a Board of Commissioners, which is appointed by the Parish. The District consists of seven commissioners who serve four-year terms.

The financial reporting entity consists of (a) the primary government, (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.

Governmental Accounting Standards Board Statement No. 14, as amended, established criteria for determining which component units should be considered part of the Parish for financial reporting purposes. The basic criterion for including a potential component unit with the reporting entity is financial accountability.

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.

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.

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

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.

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 and for the proprietary 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 and proprietary. 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 its total assets, liabilities, revenues, or expenditures are at least 10% of the corresponding total for all governmental and proprietary funds and at least 5% of the aggregate amount for all governmental and proprietary 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 proceeds of ad valorem millage of .95 mills restricted for debt service.

Capital Projects Funds - The District reports two capital project funds as major - the *Development Fund* and the *Construction Fund*. The Capital Projects Funds are used to account for the construction of infrastructure and public works.

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

Fund Financial Statements (Continued)

The District reports two major proprietary funds. The *Sports Fund* accounts for registration fees for sport and leisure programs, and the related expenses including uniforms, officials, scorers, instructors, and equipment. The *Enterprise Fund* accounts for the sale of concessions and goods, and their related costs from all facilities' concession stands, and commercial batting cages.

Measurement Focus/Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Ad valorem taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. 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 revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes and other general revenues.

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Measurement Focus/Basis of Accounting (Continued)

Ad valorem taxes are considered to be collected when they are collected by the St. Tammany Parish Sheriff. Ad valorem taxes collected 60 days after year end are recorded as a deferred inflow of resources on the governmental fund balance sheet. State revenue sharing associated with the current fiscal period is all considered to be susceptible to accrual and 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.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating revenues for the District's proprietary funds consist of charges to customers and users of its services. Operating expenses for the District's proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Budgets and Budgetary Accounting

The District adopts an annual budget for the General Fund on the cash basis of accounting. The budget is legally adopted and amended as necessary by the District. All budgeted amounts which are not expended or obligated through contracts lapse at year-end.

Cash, Cash Equivalents, and Investments

Cash includes cash on hand and amounts in demand deposits. 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. 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, as required by GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, are reported at fair value.

Receivables

Ad valorem tax receivable is reported net of estimated uncollectible amounts. The allowance for uncollectible amounts was \$138,765, which represents 3% of the total ad valorem tax receivable, at December 31, 2018. This estimate is based on the District's history of collections within this revenue stream.

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Internal Transactions

Outstanding balances between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Inventories and Prepaid Expenses

All inventories are valued at cost using the first-in/first-out method. Inventories of the governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

Capital assets, which include buildings, parking lots, fields, trails and pathways, vehicles, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost, or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$2,500 or more for capitalizing equipment, furniture, and fixtures. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital outlays are recorded as expenditures in the governmental fund financial statements and as assets in the government-wide financial statements. Depreciation is recorded on general fixed assets on a government-wide basis. Capital outlays of the proprietary funds are recorded as fixed assets and depreciated over their estimated useful lives on both the fund basis and the government-wide basis.

The following estimated useful lives and methods are used to compute depreciation:

Description	Estimated Lives	Method
Buildings	25 to 40 Years	Straight-Line
Parking Lots	40 to 50 Years	Straight-Line
Fields	25 to 30 Years	Straight-Line
Trails and Pathways	40 Years	Straight-Line
Motor Vehicles	5 Years	Straight-Line
Roads	40 Years	Straight-Line
Well, Water, and Sewer	8 to 40 Years	Straight-Line
Equipment	5 to 20 Years	Straight-Line

Depreciation expense amounted to \$1,038,613 for governmental activities and \$-0- for proprietary activities.

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until then. Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has the following items that are reported as deferred inflows or outflows of resources: deferred amounts on bond refunding, deferred inflows/outflows of resources related to pensions, and unavailable revenue. Unavailable revenue arises only under a modified accrual basis of accounting, so it is reported only in the governmental funds balance sheet.

Compensated Absences

The District's employees earn and accrue varying amounts of vacation and sick leave each year based on years of service. At termination, employees may be paid for unused vacation, but sick leave is forfeited. At December 31, 2018, a liability of \$71,469 has been recorded in the government-wide statement of net position.

Long-Term Debt

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred outflows of resources and amortized over the term of the related debt as a component of interest expense.

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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Parochial Employees' Retirement System of Louisiana (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Equity Classifications

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

1. *Net Investment in Capital Assets* - Consists of capital assets including restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. *Restricted* - Net position with constraints placed on its use either by:
 - a. External groups such as creditors, grantors, contributors, citizens, or laws or regulations of other governments.
 - b. Law through constitutional provisions or enabling legislation.
3. *Unrestricted* - All other net position is reported in this category.

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

1. *Nonspendable* - Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
2. *Restricted* - Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
3. *Committed* - Amounts that can be used only for specific purposes determined by formal action by board resolution. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board.
4. *Assigned* - Amounts that do not meet the criteria to be classified as restricted or committed, but are intended to be used for specific purposes.
5. *Unassigned* - All amounts not included in other spendable classifications.

When an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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.

Adoption of New Accounting Principles

During the year ended December 31, 2018, the District adopted The GASB issued statement No. 85 (GASB 85), *Omnibus 2017*, in March 2017. The objective of GASB 85 is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). Adoption of this statement did not have an impact on the financial statements.

New Accounting Pronouncements

The GASB issued statement No. 87 (GASB 87), *Leases*, in June 2017. 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 an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. Management is still evaluating the potential impact of adoption on the District's financial statements. This Statement will be effective for the District for the fiscal year ending December 31, 2020.

Note 2. Cash and Cash Equivalents

The following is a summary of cash and cash equivalents at December 31, 2018:

	Book Balance	Bank Balance
Cash on Hand	\$ 4,655	\$ 4,655
Demand Deposits	6,794,358	6,856,732
Total	\$ 6,799,013	\$ 6,861,387

These deposits are stated at cost, which approximates market.

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH

Notes to Financial Statements

Note 2. Cash and Cash Equivalents (Continued)

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, 2018, \$6,600,608 of the District's total bank balance of \$6,856,732 was exposed to custodial credit risk. However, these deposits are secured from risk by the pledge of securities owned by the fiscal agent bank.

Under state law, 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. The custodial bank must advertise and sell the pledged securities within 10 days of being notified that the fiscal agent bank has failed to pay deposited funds upon demand.

Note 3. Investments

Investments of \$44,950, which are stated at market using published quotes as of December 31, 2018, consisted of \$15,000 in Series EE bonds and \$29,950 in Louisiana Asset Management Pool, Inc. (LAMP), a local government investment pool. In accordance with GASB Codification Section 150.126, the investment in LAMP is not categorized in the three risk categories provided by GASB Codification Section 150.125 because the investment is in a pool of funds and therefore, not evidenced by securities that exist in physical or book entry form.

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 LRS 33:2955.

GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, requires disclosure of credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk for all public entity investments.

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH

Notes to Financial Statements

Note 3. Investments (Continued)

LAMP is an investment pool that, to the extent practical, invests in a manner consistent with GASB Statement No. 79. The following facts are relevant for investment pools:

- *Credit Risk:* LAMP is rated AAAM by Standard & Poor's.
- *Custodial Credit Risk:* LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- *Concentration of Credit Risk:* Pooled investments are excluded from the 5 percent disclosure requirement.
- *Interest Rate Risk:* LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days. The WAM for LAMP's total investments was 76, as of December 31, 2018.
- *Foreign Currency Risk:* Not applicable.

The investments in LAMP are stated at fair value. 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 net asset value of the pool shares.

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.

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH

Notes to Financial Statements

Note 4. Ad Valorem Taxes

Ad valorem taxes for the operations and bond debt service of the District are normally 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 reevaluation of all property is required to be completed no less than every four years. The last reevaluation was completed in 2016. Taxes are due and payable on a date set by the St. Tammany Parish Assessor's Office, usually in December.

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

	Authorized Millage	Levied Millage
Operation and Maintenance	3.00	2.92
Operation and Maintenance - Special	3.50	3.43
Payment of General Obligation Bonds	N/A	0.95

Note 5. Interfund Receivables and Payables

The primary purpose of interfund receivables/payables is to loan monies between funds to cover current expenditures. Individual fund balances due from/to other funds at December 31, 2018, were as follows:

Fund	Due From	Due To
General Fund	\$ 10,003	\$ 68,607
Debt Service Fund	68,607	-
Sports Fund	-	10,003
Total	\$ 78,610	\$ 78,610

All interfund receivables/payables are considered short-term, as they are expected to be repaid within the next fiscal year.

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH

Notes to Financial Statements

Note 6. Capital Assets

Capital assets activity for the year ended December 31, 2018, was as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital Assets Not Being Depreciated					
Land - Pretty Acres	\$ 470,000	\$ -	\$ -	\$ -	\$ 470,000
Land - Phase VI	1,003,812	-	-	-	1,003,812
Construction in Progress - The Grove	-	119,497	-	-	119,497
Construction in Progress - Playground	9,000	-	-	(9,000)	-
Construction in Progress - Castine Center Roof	107,723	7,410	-	(107,723)	7,410
Construction in Progress - Maintenance Barn	20,649	-	-	(20,649)	-
Total Capital Assets Not Being Depreciated	1,611,184	126,907	-	(137,372)	1,600,719
Capital Assets Being Depreciated					
Buildings	12,177,173	71,442	(23,448)	128,372	12,353,539
Parking Lots	4,462,819	-	-	-	4,462,819
Fields	10,761,209	-	-	-	10,761,209
Trails and Pathways	704,997	-	-	-	704,997
Motor Vehicles	157,358	17,721	-	-	175,079
Roads	2,547,332	7,041	-	-	2,554,373
Well, Water, and Sewer	1,765,951	-	-	-	1,765,951
Equipment	1,121,111	106,896	(8,500)	9,000	1,228,507
Total Capital Assets Being Depreciated	33,697,950	203,100	(31,948)	137,372	34,006,474
Less Accumulated Depreciation for:					
Buildings	(4,519,558)	(313,196)	15,507	-	(4,817,247)
Parking Lots	(1,051,632)	(97,983)	-	-	(1,149,615)
Fields	(5,136,389)	(360,243)	-	-	(5,496,632)
Trails and Pathways	(116,616)	(17,625)	-	-	(134,241)
Motor Vehicles	(129,125)	(18,783)	-	-	(147,908)
Roads	(781,418)	(78,517)	-	-	(859,935)
Well, Water, and Sewer	(917,756)	(70,638)	-	-	(988,394)
Equipment	(736,769)	(81,628)	8,500	-	(809,897)
Total Accumulated Depreciation	(13,389,263)	(1,038,613)	24,007	-	(14,403,869)
Capital Assets Being Depreciated, Net	20,308,687	(835,513)	(7,941)	137,372	19,602,605
Capital Assets, Net	\$ 21,919,871	\$ (708,606)	\$ (7,941)	\$ -	\$ 21,203,324

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH

Notes to Financial Statements

Note 7. Long-Term Debt

The following is a summary of bond transactions of the District for the year ended December 31, 2018:

	General Obligation Bonds	Certificates of Indebtedness	Total
Payable at January 1, 2018	\$ 6,830,000	\$ 1,330,000	\$ 8,160,000
Issued	-	-	-
Retired	(745,000)	(85,000)	(830,000)
Payable at December 31, 2018	\$ 6,085,000	\$ 1,245,000	\$ 7,330,000
Due Within One Year	\$ 775,000	\$ 90,000	\$ 865,000

Bonds payable outstanding at December 31, 2018, are as follows:

\$4,000,000 General Obligation Revenue Bonds, dated August 1, 2011, due in 17 annual installments, due March 1, 2028, with semi-annual interest payments at 2.00% to 4.00%.	\$ 3,380,000
\$5,020,000 General Obligation Refunding Bonds, dated May 18, 2012, due in 10 annual installments, due March 1, 2023, with semi-annual interest payments of 2.37%. These bonds are secured by ad valorem taxes.	2,705,000
\$1,500,000 Certificates of Indebtedness, dated June 25, 2015, due in 15 annual installments, due March 1, 2030, including interest at 1.82% to 2.725%.	<u>1,245,000</u>
Total Long-Term Debt	7,330,000
Plus: Bond Premiums	<u>1,762</u>
Total	<u><u>\$ 7,331,762</u></u>

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH

Notes to Financial Statements

Note 7. Long-Term Debt (Continued)

General obligation bonds are secured by an annual ad valorem tax levy. In accordance with Louisiana Revised Statute 39:562, the District is legally restricted from incurring long-term bonded debt in excess of 10% of the assessed value of taxable property in the District. At December 31, 2018, the District had not exceeded this statutory limit.

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

Year Ending December 31,	General Obligation Bonds		Certificates of Indebtedness		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 775,000	\$ 173,365	\$ 90,000	\$ 30,955	\$ 865,000	\$ 204,320
2020	800,000	152,985	90,000	28,919	890,000	181,904
2021	835,000	131,799	95,000	26,744	930,000	158,543
2022	870,000	109,301	95,000	24,440	965,000	133,741
2023	2,385,000	270,239	525,000	83,181	2,910,000	353,420
2024 - 2028	420,000	8,400	350,000	25,448	770,000	33,848
Total	\$ 6,085,000	\$ 846,089	\$ 1,245,000	\$ 219,687	\$ 7,330,000	\$ 1,065,776

Note 8. Lease

The District has entered into a lease for land with the State of Louisiana dated September 1, 2016, for a term of ten years, which was an extension of an earlier lease. The lease is renewable every ten years, provided the District makes substantial improvements to the park during each term. The lease is accounted for as an operating lease whereby rental payments are recorded as operating expenditures when paid. The total payment on this lease was \$9,834, for the year ended December 31, 2018. Due to the variable terms of the lease, a schedule of future maturities cannot be presented at this time.

Note 9. Pension Plan

Plan Description and Provisions

The District contributes to a cost-sharing, multiple-employer defined benefit pension plan administered by the Parochial Employees' Retirement System of Louisiana (PERS or the System). PERS provides retirement, disability, and death benefits to plan members and beneficiaries. PERS was established by the Louisiana Legislature as of January 1, 1953, by Act 205 of 1952. PERS is administered by a Board of Trustees consisting of seven members. Employees of the District may elect to be members of PERS Plan A.

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH

Notes to Financial Statements

Note 9. Pension Plan (Continued)

Eligibility Requirements

All permanent District employees who work at least 28 hours a week and who are paid wholly or in part from District funds shall become members on the date of employment. New employees over the age of 65 and who meet the Social Security criteria have up to 90 days from the date of hire to elect to participate.

Any member can retire providing he/she meets one of the following criteria:

For employees hired prior to January 1, 2007:

1. Any age with thirty (30) or more years of creditable service.
2. Age 55 with twenty-five (25) years of creditable service.
3. Age 60 with a minimum of ten (10) years of creditable service.
4. Age 65 with a minimum of seven (7) years of creditable service.

For employees hired after January 1, 2007:

1. Age 55 with a minimum of thirty (30) years of creditable service.
2. Age 62 with a minimum of ten (10) years of creditable service.
3. Age 67 with a minimum of seven (7) years of creditable service.

Generally, the monthly amount of the retirement allowance of any member of Plan A shall consist of an amount equal to three percent of the member's final average compensation multiplied by his/her years of creditable service. However, under certain conditions, as outlined in the statutes, the benefits are limited to specified amounts.

Survivor Benefits

Upon the death of any member of Plan A with five (5) or more years of creditable service who is not eligible for retirement, the plan provides for benefits for the surviving spouse and minor children, as outlined in the statutes. The surviving spouse of any member of Plan A who is eligible for normal retirement at time of death shall receive an automatic Option 2 benefit, as outlined in the statutes.

Deferred Retirement Option Plan

Act 338 of 1990 established the Deferred Retirement Option Plan (DROP) for the System. DROP is an option for that member who is eligible for normal retirement. In lieu of terminating employment and accepting a service retirement, any member of Plan A who is eligible to retire may elect to participate in the DROP in which they are enrolled for three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable, but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund.

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH

Notes to Financial Statements

Note 9. Pension Plan (Continued)

Deferred Retirement Option Plan (Continued)

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or roll over the fund to an Individual Retirement Account. Interest is accrued on the DROP benefits for the period between the end of DROP participation and the member's retirement date. For individuals who become eligible to participate in the DROP on or after January 1, 2004, all amounts which remain credited to the individual's subaccount after termination in the plan will be placed in liquid asset money market investments at the discretion of the Board of Trustees. These subaccounts may be credited with interest based on money market rates of return or, at the option of the System, the funds may be credited to self-directed subaccounts. The participant in the self-directed portion of this plan must agree that the benefits payable to the participant are not the obligations of the State or the System, and that any returns and other rights of the plan are the sole liability and responsibility of the participant and the designated provider to which contributions have been made.

Disability Benefits

For Plan A, a member shall be eligible to retire and receive a disability benefit if the member was hired prior to January 1, 2007, and has at least five years of creditable service or, if hired after January 1, 2007, has seven years of creditable service, and is not eligible for normal retirement and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan A shall be paid a disability benefit equal to the lesser of an amount equal to three percent of the member's final average compensation multiplied by his years of service, not to be less than fifteen, or three percent multiplied by years of service assuming continued service to age sixty.

Employer Contributions

According to state statute, contributions for the District are actuarially determined each year. For the year ended December 31, 2018, the required contribution rate for the District and the employees was 11.50% and 9.50% of covered salaries, respectively.

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

At December 31, 2018, the District reported an asset of \$171,078 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2017, and was determined by actuarial valuation as of that date. The District's proportion of the net pension asset was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all taxing districts, actuarially determined. At December 31, 2017, the District's proportion was .230487%.

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH

Notes to Financial Statements

Note 9. Pension Plan (Continued)

Pension Asset, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

For the year ended December 31, 2018, the District recognized pension expense of \$224,292. At December 31, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to its pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ -	\$ 110,743
Changes of Assumptions	215,926	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	395,240
Changes in Proportion and Differences between District Contributions and Proportionate Share of Contributions		
Change in Proportion	1,693	4,343
Difference in Contributions	1,693	7,758
District Contributions Subsequent to the Measurement Date	166,466	-
Total	\$ 385,778	\$ 518,084

In the year ended December 31, 2019, \$166,466 reported as deferred outflows of resources related to the District's contributions subsequent to the measurement date will be recognized. Other amounts reported as deferred inflows of resources and deferred outflows of resources will be recognized in pension expense as follows:

Year Ending December 31,	Amount
2019	\$ 24,584
2020	(29,613)
2021	(137,091)
2022	(156,652)
Total	\$ (298,772)

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH

Notes to Financial Statements

Note 9. Pension Plan (Continued)

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining net pension asset as of December 31, 2018, are as follows:

Valuation Date	December 31, 2017
Actuarial Cost Method	Entry Age Normal
Investment Return	6.75% (Net of Investment Expense)
Expected Remaining Service Lives	4 Years
Projected Salary Increases	5.25% (2.75% Merit / 2.50% Inflation)
Cost-of-Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.
Mortality	RP-2000 Employee Sex Distinct Table was selected for employees. RP-2000 Healthy Annuitant Sex Distinct Tables were selected for annuitants and beneficiaries. RP-2000 Disabled Lives Mortality Table was selected for disabled annuitants.

The discount rate used to measure the total pension liability was 7.00% for Plan A. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers, and non-employer contributing entities will be made at the actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement System's Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH

Notes to Financial Statements

Note 9. Pension Plan (Continued)

Actuarial Assumptions (Continued)

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up), and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward-looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.62% for the year ended December 31, 2017.

Best-estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of December 31, 2017, are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Fixed Income	35%	1.24%
Equity	52%	3.57%
Alternatives	11%	0.69%
Real Assets	2%	0.12%
	100%	5.62%
Inflation		2.00%
Expected Arithmetic Normal Return		7.62%

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH

Notes to Financial Statements

Note 9. Pension Plan (Continued)

Sensitivity to Changes in Discount Rate

The following presents the net pension asset of the District using the discount rate of 6.75% as well as what the asset or liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 843,478	\$ (171,078)	\$ (1,074,473)

Note 10. Interfund Transfers

Operating transfers between funds occur to provide reimbursement of certain operating costs and are not expected to be repaid. Transfers between funds during 2018 occurred as follows:

Fund	Transfers In	Transfers Out
General Fund	\$ 72,071	\$ 821,935
Capital Projects - Construction	1,227,696	-
Capital Projects - Development	-	288,660
Debt Service Fund	-	67,546
Sports Fund	-	38,309
Enterprise Fund	-	83,317
Total	\$ 1,299,767	\$ 1,299,767

Note 11. 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, 2018, 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.

REQUIRED SUPPLEMENTARY INFORMATION (PART II)

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH
Schedule of Revenues, Expenditures, and Changes in Fund
Balance - Budget and Actual (Cash Basis) - General Fund
For the Year Ended December 31, 2018

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes, Interest, and Revenue Sharing	\$ 3,484,395	\$ 3,442,815	\$ 3,479,762	\$ 36,947
Castine Center	352,833	352,833	332,646	(20,187)
Endorsements and Other Income	27,911	27,911	35,330	7,419
Recreation	133,618	82,493	76,911	(5,582)
Concessions and Vending	62,500	14,500	17,459	2,959
Total Revenues	4,061,257	3,920,552	3,942,108	21,556
Expenditures				
Administration				
Staffing and Insurance	1,184,780	1,184,780	987,421	197,359
Administration and District Operation	500,598	379,998	303,157	76,841
Office	138,681	123,681	67,472	56,209
Castine Center				
Base Staffing and Insurance	96,479	96,479	95,787	692
Event Staffing and Insurance	178,489	178,489	155,457	23,032
Base Operation	63,593	46,293	45,662	631
Event Operation	115,855	86,755	72,046	14,709
Park				
Staffing and Insurance	885,864	885,864	825,454	60,410
Turf and Field Care	341,653	256,653	125,789	130,864
Operation and Maintenance	137,530	137,530	111,598	25,932
Recreation				
Staffing and Insurance	333,186	333,186	246,663	86,523
Programs	24,150	24,150	26,667	(2,517)
Operation	60,399	60,399	10,488	49,911
Capital Outlay	-	60,000	59,101	899
Total Expenditures	4,061,257	3,854,257	3,132,762	721,495
Excess of Revenues Over Expenditures	-	66,295	809,346	743,051
Other Financing Uses				
Transfers	-	(767,493)	(749,864)	17,629
Net Change in Fund Balance	\$ -	\$ (701,198)	59,482	\$ 760,680
Fund Balance, Beginning of Year			758,991	
Fund Balance, End of Year			\$ 818,473	

See independent auditor's report.

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH
Schedule of Revenues, Expenditures, and Changes in Fund
Balance - Budget and Actual (Cash Basis) - General Fund (Continued)
For the Year Ended December 31, 2018

Cash Basis Budget to Modified Accrual Basis Reconciliation

The schedule of revenues, expenditures, and changes in fund balance - budget and actual presents comparisons of the legally adopted original budget and final budget (cash basis) with actual data on a cash basis. In the General Fund, accounting principles applied for purposes of developing data on the budgetary basis differ from those used to present financial statements in conformity with GAAP. A reconciliation of this basis and timing differences is presented below:

Net Change in Fund Balance (Cash Basis)	\$ 59,482
Adjustments:	
To Adjust Revenues and Expenses for Accruals and Prepaid Expenses	<u>50,921</u>
Net Change in Fund Balance (Modified Accrual Basis)	<u>\$ 110,403</u>

See independent auditor's report.

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH
Schedule of Proportionate Share of the Net
Pension Liability
For the Year Ended December 31, 2018

	2018	2017	2016	2015
Employer's Portion of the Net Pension Liability (Asset)	0.230487%	0.243934%	0.206252%	0.002212%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ (171,078)	\$ 502,385	\$ 542,915	\$ 60,487
Employer's Covered-Employee Payroll	\$ 1,418,691	\$ 1,446,658	\$ 1,151,248	\$ 1,255,588
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	-12.06%	34.73%	47.16%	4.82%
Plan Fiduciary Net Position as a Percentage of Total Pension Liability (Asset)	101.97%	94.15%	92.23%	99.89%

The amounts presented have a measurement date of the previous fiscal year.

GASB 68 requires this schedule to show information for 10 years. The District has implemented GASB 68 in its 2015 fiscal year. Therefore, additional years will be displayed as they become available.

See independent auditor's report.

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH
Schedule of Contributions to Defined Benefit Pension Plan
For the Year Ended December 31, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 166,465	\$ 177,336	\$ 188,066	\$ 166,931
Contributions in Relation to the Contractually Required Contribution	<u>(166,465)</u>	<u>(177,336)</u>	<u>(188,066)</u>	<u>(166,931)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer's Covered-Employee Payroll	<u>\$ 1,447,520</u>	<u>\$ 1,418,691</u>	<u>\$ 1,446,658</u>	<u>\$ 1,151,248</u>
Contributions as a Percentage of Covered-Employee Payroll	<u>11.50%</u>	<u>12.50%</u>	<u>13.00%</u>	<u>14.50%</u>

GASB 68 requires this schedule to show information for 10 years. The District has implemented GASB 68 in its 2015 fiscal year. Therefore, additional years will be displayed as they become available.

See independent auditor's report.

OTHER SUPPLEMENTARY INFORMATION

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH
Schedule of Compensation Paid to Governing Board
For the Year Ended December 31, 2018

<u>Board of Commissioners</u>	<u>Term Expiration</u>	<u>Compensation</u>
Nixon Adams, Chairman 250 Dona Drive Mandeville, LA 70448 (985) 626-4888	December 31, 2019	None
William Matthews, Vice Chairman 386 Red Maple Drive Mandeville, LA 70448 (985) 727-9880	December 31, 2019	None
Jeffrey R. Blackman 215 Spruce Street Mandeville, LA 70471 (985) 845-4198	December 31, 2019	None
Majure B. Savell 104 Dianna Court Covington, LA 70433 (504) 913-1903	December 31, 2019	None
Daniel Seiden 712 Kiskatom Lane Mandeville, LA 70471 (985) 792-5045	December 31, 2019	None
Todd Richard 145 Fountainebleau Drive Mandeville, LA 70471 (985) 845-2564	December 31, 2019	None
Rick Danielson 209 Lamarque Street Mandeville, LA 70471 (985) 264-7285	December 31, 2019	None

See independent auditor's report.

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH
Schedule of Compensation, Benefits, and Other Payments
to Agency Head
For the Year Ended December 31, 2018

Agency Head
Kathy Foley, Director

Purpose	Amount
Salary	\$107,237
Benefits - Insurance *	\$8,817
Benefits - Retirement *	\$12,332
Benefits - Other *	\$489
Car Allowance	\$0
Vehicle Provided by Government	\$1,850
Per Diem	\$0
Reimbursements	\$0
Travel	\$0
Registration Fees	\$0
Conference Travel	\$2,120
Continuing Professional Education Fees	\$0
Housing	\$0
Unvouchered Expenses	\$0
Special Meals	\$115
Other - Phone Provided by District	\$567

* Insurance, retirement, and other benefits provided to all employees of the District.

See independent auditor's report.

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

To the Board of Commissioners
Recreation District No. 1 of St. Tammany Parish
Mandeville, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of Recreation District No. 1 of St. Tammany Parish (the District), as of and for the year ended December 31, 2018, 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 1, 2019.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. 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 1, 2019

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH
Schedule of Findings and Responses
For the Year Ended December 31, 2018

Part I - Summary of Auditor's Results

Financial Statements

- | | |
|--|------------|
| 1. Type of auditor's report issued: | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified? | No |
| c. Noncompliance material to the financial statements noted? | No |

Federal Awards

Not applicable.

Part II - Findings Related to the Financial Statements

None.

Part III - Federal Award Findings

Not applicable.

AGREED-UPON PROCEDURES REPORT

Recreation District No. 1 of St. Tammany Parish

Independent Accountant's Report
on Applying Agreed-Upon Procedures

For the Period of January 1, 2018 - December 31, 2018

To the Board of Commissioners
Recreation District No. 1 of St. Tammany Parish
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below as they are a required part of the engagement. We are required to perform each procedure and report the results, including any exceptions. Management is required to provide a corrective action plan that addresses all exceptions noted. For any procedures that do not apply, we have marked "not applicable."

Management of Recreation District No.1 of St. Tammany Parish (the District), a component unit of St. Tammany Parish, Louisiana, is responsible for its financial records, establishing internal controls over financial reporting, and compliance with applicable laws and regulations. These procedures were agreed to by management of the District and the Legislative Auditor, State of Louisiana, solely to assist the users in assessing certain controls and in evaluating management's assertions about the District's compliance with certain laws and regulations during the period of January 1, 2018 through December 31, 2018, in accordance with Act 774 of 2014 Regular Legislative Session. The sufficiency of these procedures is solely the responsibility of the District and the Legislative Auditor. Consequently, we make no representation regarding the sufficiency of the procedures described above either for the purpose for which the report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Board (or Finance Committee, if applicable) for Governmental Entity

1. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and.
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

- b) Observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.

Results: We noted no exceptions in the performance of these procedures.

Collections

1. Obtain and inspect the entity's written policies and procedures over collections and observe that they address 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 (e.g., periodic confirmation with outside parties).

Results: The District's receipts policy addressed all items listed above.

2. Obtain a listing of deposit sites (i.e., a physical location where a deposit is prepared and reconciled) for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Results: We obtained management's representation that the listing of deposit sites provided by management was complete.

3. For each deposit site selected, obtain a listing of collection locations (physical location where cash is collected) and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- a) Employees who are responsible for cash collections do not share cash drawers/registers.
- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee verifies the reconciliation.

Results: We obtained management's representation that the listing of collection locations provided by management was complete. We noted no exceptions in the performance of these procedures.

4. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

Results: The District has an insurance policy that covers all employees who have access to cash.

5. Randomly select two deposit dates (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

Results: We noted that receipts were sequentially pre-numbered. We were able to trace sequentially pre-numbered receipts to the deposit slip. We were able to trace the deposit slip to the actual deposit per the bank statement. We observed that the deposits were deposited after receipt at the collection location within the required time allowed.

6. Trace the actual deposit per the bank statement to the general ledger.

Results: We noted no exceptions in the performance of these procedures.

Payroll and Personnel

1. Obtain a listing of employees employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Results: We obtained management's representation that the list of employees employed during the year provided by management was complete and that the employees' paid salaries agreed to the authorized salaries/pay rates in their personnel files.

2. Randomly select one pay period during the fiscal period. For the 5 employees selected under #1 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe that all selected employees documented their daily attendance and leave (e.g., vacation, sick, compensatory).
 - b) Observe that supervisors approved the attendance and leave of the selected employees.

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

Results: We noted no exceptions in the performance of these procedures.

- 3. Obtain a listing of those employees that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee cumulative leave records, and agree the pay rates to the employee authorized pay rates in the employee personnel files.

Results: We obtained management's representation that the listing of those employees that received termination payments during the year provided by management was complete. The employee's pay rate per their personnel file matched their pay rate used in management's termination calculation. The employee's hours in their cumulative leave records matched their hours used in management's termination calculation.

- 4. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Results: We obtained management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid and associated forms have been filed by the required deadlines.

Ethics

- 1. Obtain and inspect the entity's written policies and procedures over ethics and observe that they address each of the following:
 - a) The prohibitions as defined in Louisiana Revised Statute 42:1111-1121;
 - b) Actions to be taken if an ethics violation takes place;
 - c) System to monitor possible ethics violations; and
 - d) Requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

Results: The District's written policies and procedures over ethics addressed all items listed above.

- 2. Obtain a listing of employees (and elected officials) and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain ethics documentation from management, and:
 - a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period; and
 - b) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Results: We obtained management's representation that the listing of employees (and elected officials) provided by management was complete. The employees properly completed their required ethics trainings; and the employees attested through signature verification that he or she has read the District's ethics policy during the fiscal period.

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 and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion. 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 information and use of the management of Recreation District No. 1 of St. Tammany Parish and the Legislative Auditor, State of Louisiana, and is not intended to be, and should not be, used by anyone other than this specified party. 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 "LaPorte".

A Professional Accounting Corporation

Covington, LA
June 3, 2019