

RECREATION DISTRICT NO. 2 OF ALLEN PARISH  
Kinder, Louisiana

A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY

ANNUAL FINANCIAL STATEMENTS  
As of and For the Year Ended June 30, 2021

Annual Financial Statements  
 As of and for the Year Ended June 30, 2021  
 With Supplementary Information Schedules

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## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Recreation District No. 2 of Allen Parish  
A Component Unit of the Allen Parish Police Jury  
Kinder, Louisiana

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

We have audited the accompanying financial statements of the governmental activities and each major fund of Recreation District No. 2 of Allen Parish, component unit of the Allen Parish Police Jury, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **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 and each major fund of the Recreation District No. 2 of Allen Parish, as of June 30, 2021, and the respective changes in financial position 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 budgetary comparison information on page 24 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge we obtained during my 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.

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Recreation District No. 2 of Allen Parish's basic financial statements. The Schedule of Compensation, Reimbursements, Benefits, and Other Payments to Agency Head, Political Subdivision Head, or Chief Executive Officer-Louisiana Revised Statute 24:513A. (1) (a) is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Compensation, Reimbursements, Benefits, and Other Payments to Agency Head, Political Subdivision Head, or Chief Executive Officer-Louisiana Revised Statute 24:513A. (1) (a) is the responsibility of management and was 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 statement 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 my opinion, the Schedule of Compensation, Reimbursements, Benefits, and Other Payments to Agency Head, Political Subdivision Head, or Chief Executive Officer-Louisiana Revised Statute 24:513A. (1) (a) is 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 my report dated November 11, 2021, on our consideration of the Recreation District No. 2 of Allen Parish's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Recreation District No. 2 of Ward 4 of Allen Parish's internal control over financial reporting and compliance.

Steven M. DeRouen & Associates, LLC

Lake Charles, Louisiana  
November 11, 2021

## **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**RECREATION DISTRICT NO. 2 OF ALLEN PARISH**  
**A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY**  
 Kinder, Louisiana  
**STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES**  
 June 30, 2021

	<u>GOVERNMENTAL ACTIVITIES</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 410,831
Receivables	231
Capital assets (net)	<u>562,752</u>
TOTAL ASSETS	<u>973,814</u>
<b>LIABILITIES</b>	
Accounts payable	1,280
Payroll liabilities	2,818
Bonds payable:	
Due within one year	33,000
Due in more than one year	<u>225,000</u>
TOTAL LIABILITIES	<u>262,098</u>
<b>NET POSITION</b>	
Net investment in capital assets	304,752
Unrestricted	<u>406,964</u>
TOTAL NET POSITION	<u>\$ 711,716</u>

The accompanying notes are an integral part of this statement.

RECREATION DISTRICT NO. 2 OF ALLEN PARISH  
A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY  
Kinder, Louisiana  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2021

Governmental Activities	Expenses	Program Revenues			Governmental
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Activities Net (Expenses) Revenues and Change in Net Position
General government	\$ 180,399	\$ -	\$ -	\$ -	\$ (180,399)
Interest	9,799	-	-	-	(9,799)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 190,198</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (190,198)</b>
GENERAL REVENUES:					
					141,717
					193
					51,464
					<u>193,374</u>
					3,176
					<u>708,540</u>
					<u>\$ 711,716</u>

The accompanying notes are an integral part of this statement.



**FUND FINANCIAL STATEMENTS**

**RECREATION DISTRICT NO. 2 OF ALLEN PARISH**  
**A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY**  
 Kinder, Louisiana  
**Balance Sheet, Governmental Funds**  
**June 30, 2021**

	<u>MAJOR FUNDS</u>		<u>TOTAL GOVERNMENTAL FUNDS</u>
	<u>GENERAL FUND</u>	<u>DEBT SERVICE FUND</u>	
<b>ASSETS</b>			
Assets:			
Cash and cash equivalents	\$ 410,831	\$ -	\$ 410,831
Receivables	231	-	231
	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL ASSETS	<u>\$ 411,062</u>	<u>\$ -</u>	<u>\$ 411,062</u>
 <b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 1,280	\$ -	\$ 1,280
Payroll deductions and withholding payable	2,818	-	2,818
	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL LIABILITIES	<u>4,098</u>	<u>-</u>	<u>4,098</u>
 Fund Balances:			
Unassigned	406,964	-	406,964
	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL FUND BALANCES	<u>406,964</u>	<u>-</u>	<u>406,964</u>
	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 411,062</u>	<u>\$ -</u>	<u>\$ 411,062</u>

The accompanying notes are an integral part of this statement.

**RECREATION DISTRICT NO. 2 OF ALLEN PARISH  
A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY  
Kinder, Louisiana  
Reconciliation of the Balance Sheet - Governmental Funds  
to the Statement of Net Position  
For the Year Ended June 30, 2021**

TOTAL FUND BALANCES FOR GOVERNMENTAL FUNDS AT  
June 30, 2021 \$ 406,964

Total net position reported for governmental activities in the statement of net  
position is different because:

Capital assets used in governmental activities are not financial resources and,  
therefore, are not reported in the funds:

Capital assets, net of accumulated depreciation 562,752

Certain liabilities are not due and payable in the current  
period and accordingly are not reported as fund  
liabilities. All liabilities are reported in the statement  
of net position:

Bonds payable (258,000)

TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES AT  
June 30, 2021 \$ 711,716

The accompanying notes are an integral part of this statement.

RECREATION DISTRICT NO. 2 OF ALLEN PARISH  
A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY  
GOVERNMENTAL FUNDS  
Statement of Revenues, Expenditures, and  
Changes in Fund Balances  
For the Year Ended June 30, 2021

	MAJOR FUNDS		TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	DEBT SERVICE FUND	
<b>REVENUES</b>			
Ad valorem taxes	\$ 141,717	\$ -	\$ 141,717
Other revenues:			
Interest	193	-	193
Miscellaneous	51,464	-	51,464
Total Revenues	<u>193,374</u>	<u>-</u>	<u>193,374</u>
<b>EXPENDITURES</b>			
Current:			
Gas & oil	1,157	-	1,157
Insurance	3,881	-	3,881
Miscellaneous	2,251	-	2,251
Payroll taxes	2,991	-	2,991
Professional fees	7,900	-	7,900
Repairs & maintenance	61,836	-	61,836
Supplies	-	-	-
Utilities	9,479	-	9,479
Wages	33,676	-	33,676
Capital outlay	11,443	-	11,443
Debt service:			
Principal retirement	-	32,000	32,000
Interest	-	9,799	9,799
Total Expenditures	<u>134,725</u>	<u>41,799</u>	<u>176,524</u>
<b>EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES</b>	<u>58,649</u>	<u>(41,799)</u>	<u>16,850</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	-	41,799	41,799
Transfers out	(41,799)	-	(41,799)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(41,799)</u>	<u>41,799</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	16,850	-	16,850
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<u>390,114</u>	<u>-</u>	<u>390,114</u>
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$ 406,964</u>	<u>\$ -</u>	<u>\$ 406,964</u>

The accompanying notes are an integral part of this statement.

**RECREATION DISTRICT NO. 2 OF ALLEN PARISH  
A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY  
Kinder, Louisiana  
Reconciliation of the Statement of Revenues,  
Expenditures, and Changes in Fund Balances of  
Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2021**

NET CHANGE IN FUND BALANCE - TOTAL GOVERNMENTAL FUNDS INCREASE (DECREASE) \$ 16,850

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

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 capital outlay exceeded depreciation expense:

Capital outlay	11,443
Depreciation expense	(57,117)
	(45,674)

Other -

Repayment of bond principal is an expenditure in the governmental funds, but reduces liabilities in the statement of net assets 32,000

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 3,176

The accompanying notes are an integral part of this statement.

**NOTES TO THE FINANCIAL STATEMENTS**

**RECREATION DISTRICT NO. 2 OF ALLEN PARISH**  
**A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY**  
Kinder, Louisiana  
Notes to the Financial Statements  
As of and for the Year Ended June 30, 2021

## **INTRODUCTION**

The Recreation District No. 2 of Allen Parish was created by the Allen Parish Police Jury. The District is governed by a board of five noncompensated commissioners who are appointed by the Allen Parish Police Jury. The District establishes regulations governing the park and playground and provides administration, management, maintenance and operations of the facilities. The District employs a varying number of seasonal, part-time employees.

### Financial Reporting Entity

This report includes all funds which are controlled by or dependent on the Commissioners. Control by or dependence on the District was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, ability to impose a financial benefit/burden, fiscal dependency, and other general oversight responsibility.

Based on the foregoing criteria, Recreation District No. 2 of Allen Parish has no other fiscal or significant managerial responsibility over any other governmental unit that is not included in the financial statements of Recreation District No. 2 of Allen Parish, Louisiana. The District is a component unit of the Allen Parish Police Jury.

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements of the Recreation District No. 2 of Allen Parish, (the District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of these notes.

Such accounting and reporting procedures also conform to the requirements of the Louisiana Revised Statutes 24.517 and to the guidance set forth in the industry audit guide, Audits of State and Local Governments, issued by the American Institute of Certified Public Accountants and the Louisiana Governmental Audit Guide.

### **A. Government-Wide and Fund 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 nonfiduciary activities of the Recreation District No. 2 of Allen Parish. 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.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are summarized by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Separate financial statements are provided for governmental funds and proprietary funds. All individual governmental funds and individual enterprise funds are reported as separate columns in the fund financial statements.

### B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property 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. All assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, expenses, gains and losses are measured and reported using the economic resources measurement focus and accrual basis of accounting.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally 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 recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District. Interfund transfers are made to meet current or anticipated needs.

The District maintains two funds. They are categorized as governmental funds. The emphasis on fund financial statements is on major governmental funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the entity or meets the following criteria:

- a. Total assets, deferred outflows, liabilities, deferred inflows, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type: and
- b. Total assets, deferred outflows, liabilities, deferred inflows, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The major funds are described below:

- a. General Fund –the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.



**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

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. General revenues include all taxes.

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

The District reports deferred inflows of resources on its governmental fund balance sheet. For governmental fund financial statements, deferred inflows arise when potential revenue does not meet both the “measureable” and “available” criteria for recognition in the current period. Deferred inflows also arise when recourses are received before the District has a legal claim to them as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the deferred inflow is removed from the balance sheet and revenue is recognized.

**C. Deposits and Investments**

The District’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the Recreation District No. 2 of Allen Parish’s investment policy allow the District to invest in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

**D. Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.”

The District does not use a valuation account for bad debts and considers its method to not result in an outcome that differs materially from results if the allowance method had been used.

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied in September or October and are actually billed to the taxpayers in November. Billed taxes are due by December 31, becoming delinquent on January 1 of the following year. Property taxes not paid by the end of February are subject to lien. The following is a summary of authorized and levied ad valorem taxes:

	Authorized And Levied Millage
Taxes due for:	<hr/>
Maintenance	4.77 mills

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**E. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. As of June 30, 2021, all assets are capitalized at historical cost. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Recreation District No. 2 of Allen Parish maintains a threshold level of \$2,500 or more for capitalizing capital assets.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings & building improvements	7-20 years
Equipment	7-20 years
Furniture & fixtures	7 years
Vehicles	5 years
Infrastructure	20-40 years

**F. Long-Term Obligations**

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

In the fund financial statements, governmental fund types recognize bond issuance costs during the current period. The face amount of the debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**G. Deferred Outflows of Resources and Deferred Inflows of Resources**

In some instances, the GASB requires an entity to delay recognition of decreases in net position/fund balance as expenditures until a future period. In other instances, entities are required to delay recognition of increases in net position/fund balance as revenues until a future period. In these circumstances, deferred outflows of resources and deferred inflows of resources result from the delayed recognition of expenditures or revenues, respectively.

**H. Equity Classifications**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- a. 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 bonds, mortgage, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balance of the governmental funds are classified as follows:

- 1. *Nonspendable*, such as fund balance associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned),
- 2. *Restricted* fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation,
- 3. *Committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal decision of the Recreation District's Board of Commissioners ( the District's highest level of decision-making authority),
- 4. *Assigned* fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Intent can be expressed by the Board of Commissioners or by an official or body to which the Board of Commissioners delegates the authority, and
- 5. *Unassigned* fund balance is all other spendable amounts.

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 funds, and finally unassigned funds, as needed, unless the District has provided otherwise in its commitment or assignment actions.

Recreation District No. 2 of Allen Parish  
Notes to the Financial Statements (Continued)

The calculation of fund balance amounts begins with the determination of nonspendable fund balances. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then any remaining fund balance amounts for the non-general funds are classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purposes amounts exceed the positive fund balance for the non-general fund.

As of June 30, 2021, the District did not have any non-spendable, assigned, or committed fund balances.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**I. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require 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.

**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

The Recreation District No. 2 of Allen Parish uses the following budget practices:

A budget is adopted on a basis consistent with generally accepted accounting principles. An annual appropriated budget is adopted for the General Fund. All annual appropriations lapse at fiscal year end.

On or before the last meeting of each year, the budget is prepared by fund, function, and activity and includes information on the past year, current year estimates, and requested appropriations for the next fiscal year.

The proposed budget is presented to the District's Board of Commissioners for review. The board holds a public hearing and may add to, subtract from, or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated. The budget was not amended for the year ended June 30, 2021.

**3. CASH AND CASH EQUIVALENTS**

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it.

In accordance with a fiscal agency agreement that is approved by the Board of Commissioners, the District maintains demand and time deposits through local depository banks that are members of the Federal Reserve System.

Interest rate risk. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Recreation District No. 2 of Allen Parish  
Notes to the Financial Statements (Continued)

Concentration of credit risk. The District places no limit on the amount the District may invest in any one issuer.

At June 30, 2021, the Recreation District No. 2 of Allen Parish has cash and cash equivalents (book balances) as follows:

Demand deposits	\$ 10,458
Interest-bearing demand deposits	<u>400,373</u>
Total	<u>\$ 410,831</u>

At June 30, 2021, the Recreation District No. 2 of Allen Parish had \$400,374 in deposits (collected bank balances). These deposits were secured from risk by \$261,371 of federal deposit insurance and \$1,637,446 of pledged securities held by the pledging financial institution's agent in the District name.

Under state law, the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The District may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

Recreation District No. 2 of Allen Parish  
Notes to the Financial Statements (Continued)

**4. CAPITAL ASSETS**

Capital assets and depreciation activity as of and for the year ended June 30, 2021, is as follows:

	Beginning	Additions	Deletions	Ending
Capital assets not being depreciated:				
Land	\$ 126,367	\$ -	\$ -	\$ 126,367
Construction in progress	23,723	-	-	23,723
Total capital assets not being depreciated	150,090	-	-	150,090
Capital assets being depreciated:				
Buildings and improvements	360,645	1,850	-	362,495
Equipment	205,294	9,593	-	214,887
Furniture and fixtures	269	-	-	269
Infrastructure	1,012,777	-	-	1,012,777
Total capital assets being depreciated	1,578,985	11,443	-	1,590,428
Less accumulated depreciation for:				
Buildings and improvements	249,009	13,018	-	262,027
Equipment	175,455	7,717	-	183,172
Furniture and fixtures	269	-	-	269
Infrastructure	695,916	36,382	-	732,298
Total accumulated depreciated	1,120,649	57,117	-	1,177,766
Net	\$ 608,426	\$ 45,674	\$ -	\$ 562,752

Depreciation expense of \$57,117 for the year ended June 30, 2021 was charged to the following governmental functions:

General government \$ 57,117

**5. LONG-TERM OBLIGATIONS**

The following is a summary of the long-term obligation transactions for the year ended June 30, 2021.

	<u>Bonded Debt</u>
Long-term obligations at Beginning of Year	\$290,000
Deductions	<u>32,000</u>
Long-term obligations at End of Year	<u>\$258,000</u>

**6. LONG-TERM OBLIGATIONS**

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of June 30, 2021.

	<u>Bonded Debt</u>
Current portion	\$33,000
Long-term portion	<u>225,000</u>
Total	<u>\$258,000</u>

All District bonds outstanding at June 30, 2021, are certificates of indebtedness with maturities to 2028 and interest rates of 1.925% to 3.85%. Bond principal and interest payable in the next fiscal year are \$31,000 and \$10,838 respectively. The individual issue is as follows:

Bond	Original Issue	Interest Rate	Final Payment Due	Principal Outstanding	Funding Source
C.O.I. Series 2008-A	\$ 350,000	1.925 to 3.85%	March 1, 2028	\$ 258,000	Ad valorem taxes

All principal and interest requirements are funded in accordance with Louisiana law by the annual ad valorem tax levy on taxable property within the District.

Year Ending June 30,	Principal	Interest	Total
2022	\$ 33,000	\$ 8,716	\$ 41,716
2023	34,000	7,599	41,599
2024	36,000	6,441	42,441
2025	37,000	5,242	42,242
2026	38,000	4,000	42,000
2027 - 2028	<u>80,000</u>	<u>4,093</u>	<u>84,093</u>
Total	<u>\$ 258,000</u>	<u>\$ 36,091</u>	<u>\$ 294,091</u>

**7. 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. The District maintains commercial insurance coverage covering each of these risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. The District did not reduce insurance coverage during the year ended June 30, 2021.

**8. SUBSEQUENT EVENT REVIEW**

The District's management has evaluated subsequent events through November 11, 2021, the date which the financial statements were available to be issued.



**REQUIRED SUPPLEMENTARY INFORMATION**

**RECREATION DISTRICT NO. 2 OF ALLEN PARISH**  
**A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY**  
**GOVERNMENTAL FUND - GENERAL FUND**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2021**

	<u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE (UNFAVORABLE)
<b>REVENUES</b>			
Ad valorem taxes	\$ 142,000	\$ 141,717	\$ (283)
Other revenues:			
Interest	-	193	193
Miscellaneous	10,000	51,464	41,464
Total Revenues	<u>152,000</u>	<u>193,374</u>	<u>41,374</u>
<b>EXPENDITURES</b>			
Current:			
Equipment	4,500	-	4,500
Gas & oil	500	1,157	(657)
Insurance	5,000	3,881	1,119
Miscellaneous	-	2,251	(2,251)
Operations	2,000	-	2,000
Payroll taxes	8,000	2,991	5,009
Professional fees	7,500	7,900	(400)
Repairs & maintenance	12,000	61,836	(49,836)
Supplies	4,500	-	4,500
Utilities	10,000	9,479	521
Wages	40,000	33,676	6,324
Capital outlay	2,500	11,443	(8,943)
Total Expenditures	<u>96,500</u>	<u>134,725</u>	<u>(38,225)</u>
<b>EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES</b>	<u>55,500</u>	<u>58,649</u>	<u>3,149</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers out	(40,000)	(41,799)	(1,799)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(40,000)</u>	<u>(41,799)</u>	<u>(1,799)</u>
<b>NET CHANGE IN FUND BALANCES</b>	15,500	16,850	1,350
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<u>390,114</u>	<u>390,114</u>	<u>-</u>
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$ 405,614</u>	<u>\$ 406,964</u>	<u>\$ 1,350</u>

Notes to the Schedule:

The budget is adopted on a basis consistent with generally accepted accounting principles.

There were no amendments to the budget for the year ending June 30, 2019

The accompanying notes are an integral part of this statement.

**OTHER SUPPLEMENTARY INFORMATION**

**RECREATION DISTRICT NO. 2 OF ALLEN PARISH**  
**A Component Unit of the Allen Parish Police Jury**  
**Schedule of Compensation, Benefits and Other Payments to Agency Head**  
**or Chief Executive Officer**  
**For the Year Ended June 30, 2021**

Agency Head Name: Jay LaFargue

<b>Purpose</b>	<b>Amount</b>
Salary	\$ -
Benefits-insurance	-
Benefits-retirement	-
Benefits-other	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-

The accompanying notes are an integral part of this statement.

# STEVEN M. DEROUEN & ASSOCIATES, LLC

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Member Louisiana Society of  
Certified Public Accountants

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

Board of Commissioners  
Recreation District No. 2 of Allen Parish  
A Component Unit of the Calcasieu Parish Police Jury  
Kinder, 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 and each major fund of Recreation District No. 2 of Allen Parish, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Recreation District No. 2 of Allen Parish's basic financial statements and have issued my report thereon dated November 11, 2021.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, I considered Recreation District No. 2 of Allen Parish's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Recreation District No. 2 of Allen Parish's internal control. Accordingly, we do not express an opinion on the effectiveness of Recreation District No. 2 of Allen Parish's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that I consider to be significant deficiencies. See 2021-01 and 2021-02.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Recreation District No. 2 of Allen Parish's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. See 2021-03.

### **Recreation District No. 2 of Allen Parish's Response to Findings**

Recreation District No. 2 of Allen Parish's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Recreation District No. 2 of Allen Parish's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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

*Steven M. DeRouen & Associates, LLC*

Lake Charles, Louisiana  
November 11, 2021

**RECREATION DISTRICT NO. 2 OF ALLEN PARISH**  
**Kinder, Louisiana**  
**Schedule of Findings and Responses**  
**For the Year Ended June 30, 2021**

**A. Summary of Independent Auditor's Results:**

Financial Statements

Type of auditor's report issued		Unmodified
Internal control over financial reporting:		
Material weaknesses identified?	___ Yes <u>  x  </u> No	
Significant deficiency identified not considered to be material weaknesses?	<u>  x  </u> Yes    ___ No	
See 2021-03 for non-compliance issues		

**B. GAGAS Findings:**

1. 2021-01- Segregation of Duties

Condition: A proper segregation of duties is not possible due to the small number of people involved in the District's day-to-day operations.

Cause: Not enough office personnel.

Criteria: Effective internal control requires adequate segregation of duties among client personnel.

Effect: Without proper segregation of duties, errors within the financial records could go undetected.

Recommendation: To the extent cost effective, commissioners should attempt to mitigate this weakness by supervision and review procedures.

Response: Management has considered this deficiency and determined that it would not be cost effective at this time to employ or contract the appropriate personnel to adequately segregate duties. Commissioners have implemented supervision and review procedures to the extent possible.

2021-02 Financial Statement Reporting

Condition: The District maintains its books and records on the modified cash basis of accounting. The District relies on the auditing firm to assist in adjusting the modified cash basis books to accrual basis and to assist in the preparation of external financial statements and related disclosures.

Cause: No qualified accountant on staff.

Criteria: Under U. S. generally accepted auditing standards, the auditing firm cannot be considered part of the District's internal control structure and because of the limitations of the accounting staff, the design of the District's internal control structure does not otherwise include procedures to prevent or detect a material misstatement in the external financial statements.

Effect: Misstatements in financial statements could go undetected.

Recommendation: Management should have heightened awareness of all transactions being reported.

**RECREATION DISTRICT NO. 2 OF ALLEN PARISH**  
**Kinder, Louisiana**  
**Schedule of Findings and Responses**  
**For the Year Ended June 30, 2021**

Response: Management has considered this weakness and determined that it would not be cost effective at this time to employ or contract the appropriate personnel to remove this deficiency. To the extent possible, management has implemented review procedures.

Finding: 2021-03 Budget –

Condition: The annual budgeted revenues exceeded the actual revenues and actual expenditures exceeded budgeted expenditures by more than five percent. This is in violation of R.S. 39:1311.

Response: The Board will closely monitor the budget during the year to prevent this finding from reoccurring.

**Prior Year Findings:**

2020-01- Segregation of Duties - A proper segregation of duties is not possible due to the small number of people involved in the District's day-to-day operations.

2020-02 Financial Statement Reporting - The District maintains its books and records on the modified cash basis of accounting. The District relies on the auditing firm to assist in adjusting the modified cash basis books to accrual basis and to assist in the preparation of external financial statements and related disclosures.

2020-03 Budget – The annual budgeted revenues exceeded the actual revenues by more than five percent. This is in violation of R.S. 39:1311.