

ST. TAMMANY PARISH DEVELOPMENT DISTRICT
Financial Statements with Supplementary Information
December 31, 2020
(With Independent Auditors' Report Thereon)

ST. TAMMANY PARISH DEVELOPMENT DISTRICT

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Independent Auditors' Report

**Board of Commissioners
St. Tammany Parish Development District
Mandeville, Louisiana**

We have audited the accompanying financial statements of the governmental activities and the major fund of St. Tammany Parish Development District (the District), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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 the major fund of the District as of December 31, 2020, and the respective changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 to 5 and budgetary comparison information on page 21 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The accompanying information listed as other supplementary information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of governing board on page 22 and the schedule of compensation, benefits, and other payments to agency head on page 23 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 information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 27, 2021, on our consideration of St. Tammany Development District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the 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.

Griffin & Furman, LLC

May 27, 2021

ST. TAMMANY PARISH DEVELOPMENT DISTRICT

Management's Discussion and Analysis

For the Year Ended December 31, 2020

The basic financial statements of the St. Tammany Parish Development District (the District) include government-wide and governmental fund statements. The government-wide statements of net position and statements of activities present information for all the activities of the District's office, from an economic resources measurement focus using the accrual basis of accounting. Primarily, for our office, the difference between these statements and governmental fund statements is that assets are capitalized and depreciated over their estimated useful lives versus expensed in the governmental fund statements. The balance sheets – governmental fund detail the assets and liabilities of the governmental fund while the reconciliation of the governmental fund balance sheets to the statements of net position reflect the difference from the amounts reported in the statements of net position. The statements of revenues, expenditures, and changes in fund balance – governmental fund reflect the current year receipt and disbursement of funds and the reconciliation of the statements of revenues, expenditures, and changes in fund balance of the governmental fund to the statements of activities report the differences in the change in fund balance to the change in net position of the governmental activities. The difference between the adopted budget and the actual activities are reflected in the schedules of revenues, expenditures, and changes in fund balance – budget and actual – general fund.

The District is a subdivision of the State of Louisiana located in St. Tammany Parish. The accompanying financial statements only present information in the funds maintained by the District.

Statements of Net Position and Statements of Activities

The statements of net position and statements of activities report information about the funds maintained by the District as a whole and about its activities in a way which helps answer one of the most important questions asked about the District's finances: "Is the District, as a whole, better off or worse off as a result of the year's activities?" These statements include all assets, deferred outflows, liabilities, and deferred inflows using the accrual basis of accounting used by most private sector companies. Accrual of the current year's revenues and expenses is taken into account regardless of when the cash was received or paid.

These two statements report the District's net position and the changes in it. This net position, the difference between the assets, deferred outflows, liabilities, and deferred inflows, is one way to measure the District's financial health and, over time, increases or decreases in net position are one indicator of whether its financial health is improving or deteriorating.

The funds maintained by the District are recorded as governmental activities in the statements of net position and statements of activities.

All of the expenses paid from the funds maintained are reported here as governmental activities and consist primarily of insurance, accounting fees, and support payments. A percentage of the state hotel and motel sales tax collections finance the operating activities of the District.

ST. TAMMANY PARISH DEVELOPMENT DISTRICT

Management's Discussion and Analysis

For the Year Ended December 31, 2020

Financial Highlights

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

Condensed statements of net position as of December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>	<u>Change</u>
Total current assets	\$ 1,618,995	1,280,909	338,086
Capital assets, net of depreciation	<u>423,193</u>	<u>431,683</u>	<u>(8,490)</u>
Total assets	<u>2,042,188</u>	<u>1,712,592</u>	<u>329,596</u>
Total current liabilities	419,987	445,612	(25,625)
Long-term liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>419,987</u>	<u>445,612</u>	<u>(25,625)</u>
Net position			
Net investment in capital assets	423,193	431,683	8,490
Unrestricted	<u>1,199,008</u>	<u>835,297</u>	<u>363,711</u>
Total net position	<u>1,622,201</u>	<u>1,266,980</u>	<u>355,221</u>
Total liabilities and net position	\$ <u>2,042,188</u>	\$ <u>1,712,592</u>	\$ <u>329,596</u>

Condensed statements of activities for the year ended December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>	<u>Change</u>
Program revenues	\$ 594,349	696,158	(101,809)
General revenues	<u>1,190,237</u>	<u>761,775</u>	<u>428,462</u>
Total revenues	1,784,586	1,457,933	326,653
Expenditures	<u>1,429,365</u>	<u>1,439,015</u>	<u>(9,650)</u>
Change in net position	355,221	18,918	336,303
Net position – beginning of year	<u>1,266,980</u>	<u>1,248,062</u>	<u>18,918</u>
Net position – end of year	\$ <u>1,622,201</u>	\$ <u>1,266,980</u>	\$ <u>355,221</u>

ST. TAMMANY PARISH DEVELOPMENT DISTRICT

Management's Discussion and Analysis

For the Year Ended December 31, 2020

The District's assets exceeded its liabilities at the close of fiscal years 2020 by \$1,622,201 (net position), which represents a 28% increase over the previous year. The District had no deferred outflows or inflows as of December 31, 2020.

Cash was \$648,619 at December 31, 2020, compared to \$534,312 at December 31, 2019. This is an increase of \$114,307, or 21%.

The District's revenue increased by \$326,653, or 22%, for the year ended December 31, 2020.

The District's expenses for the year ended December 31, 2020 decreased by \$9,680, or 1%.

At December 31, 2020, the District's General Fund had an unassigned fund balance of \$1,188,176.

As a result of subtracting total expenses from total revenue, the District's net position increased by \$355,221 for the year ended December 31, 2020.

Revenue to the District consisted principally of state hotel and motel sales tax collections, lease income, and administrative fees, and pass-through funds for various projects the District was involved in. Expenditures for the District consisted primarily of salaries and PILOT expenditures.

Capital Assets

For the year ended December 31, 2020, capital assets, net of depreciation, decreased by \$8,490.

General Fund Budgetary Highlights

For the year ended December 31, 2020, the annual budget was amended to include additional anticipated revenues as well as increases in expenses related to the District's Thrive 2023 initiative. There was one significant unfavorable variance in the budget whereby budgeted contribution revenue exceeded actual by \$136,283.

Economic Factors and Next Year's Budget

The District considered many factors when setting the operating budget for its General Fund for the year ending December 31, 2021. The District anticipates increases in certain revenues and expenditures compared to the current year due to the continued development of the Thrive 2023 initiative.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to St. Tammany Parish Development District located at 21489 Koop Drive, Suite 7, Mandeville, Louisiana 70471.

ST. TAMMANY PARISH DEVELOPMENT DISTRICT

Statement of Net Position

December 31, 2020

	<u>Assets</u>	<u>Governmental Activities</u>
Current assets:		
Cash and cash equivalents	\$ 648,619	
Investments	450,120	
Hotel/Motel tax revenue receivable	509,424	
Prepaid expenses	<u>10,832</u>	
Total current assets		1,618,995
Capital assets:		
Office furniture and equipment, net	23,193	
Land	<u>400,000</u>	
Total capital assets		<u>423,193</u>
		\$ <u>2,042,188</u>
	<u>Liabilities</u>	
Current liabilities:		
Accounts payable	\$ 4,076	
Accrued expenses	16,097	
Unearned revenue, net	<u>399,814</u>	
Total current liabilities		<u>419,987</u>
	<u>Net Position</u>	
Net investment in capital assets		423,193
Unrestricted		<u>1,199,008</u>
Total net position		<u>\$ 1,622,201</u>

See accompanying notes to financial statements.

ST. TAMMANY PARISH DEVELOPMENT DISTRICT

Statement of Activities

For the Year Ended December 31, 2020

	Governmental	
	Activities	
	<hr/>	
Expenses:		
Economic Development:		
Salaries and benefits	\$ 760,507	
PILOT expense	203,000	
Consulting	35,334	
Marketing	48,141	
Payroll taxes	53,074	
Legal and professional	42,308	
Insurance	49,929	
Travel	15,973	
Rent	36,450	
Equipment rent	20,000	
Repairs and maintenance	23,017	
Staff development	4,677	
Dues and subscriptions	32,570	
Other	63,341	
Communications/outreach	4,278	
Telephone	11,407	
Supplies	4,651	
Printing and reproduction	6,336	
Depreciation	8,490	
Utilities	3,192	
Service charges	2,690	
Total expenses	<hr/>	1,429,365
Program Revenues:		
Administrative fees	213,364	
PILOT service fees	215,500	
Contributions	107,880	
Bond closing fees	54,398	
Interest income	3,207	
Total program revenues	<hr/>	594,349
Net expense		(835,016)
General Revenues:		
Intergovernmental	39,485	
Hotel/Motel tax revenue	1,150,752	
Total general revenues	<hr/>	1,190,237
Change in net position		355,221
Net position, beginning of year		<hr/> 1,266,980
Net position, end of year		\$ <hr/> <hr/> 1,622,201

See accompanying notes to financial statements.

ST. TAMMANY PARISH DEVELOPMENT DISTRICT

Balance Sheet

Governmental Funds

December 31, 2020

		<u>General Fund</u>
	<u>Assets</u>	
Cash and cash equivalents	\$ 648,619	
Investments	450,120	
Hotel/Motel tax revenue receivable	509,424	
Prepaid expenses	<u>10,832</u>	
Total assets		\$ <u><u>1,618,995</u></u>
	<u>Liabilities</u>	
Accounts payable	\$ 4,076	
Accrued expenses	16,097	
Unearned revenue, net	<u>399,814</u>	
Total liabilities		419,987
	<u>Fund Balance</u>	
Nonspendable	10,832	
Unassigned	<u>1,188,176</u>	
Total fund balance		<u>1,199,008</u>
Total liabilities & fund balance		\$ <u><u>1,618,995</u></u>

See accompanying notes to financial statements.

ST. TAMMANY PARISH DEVELOPMENT DISTRICT

**Reconciliation of the Balance Sheet Fund Balance - Governmental Funds
to the Statement of Net Position**

December 31, 2020

Fund balance - governmental fund	\$	1,199,008
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		<u>423,193</u>
Net position of governmental activities	\$	<u>1,622,201</u>

See accompanying notes to financial statements.

ST. TAMMANY PARISH DEVELOPMENT DISTRICT

Statement of Revenues, Expenditures, and Change in Fund Balance

Governmental Fund

For the Year Ended December 31, 2020

	<u>General Fund</u>	
Revenues:		
Hotel/Motel tax revenue	\$ 1,150,752	
Administrative fees	213,364	
PILOT service fees	215,500	
Contributions	128,199	
Bond closing fees	54,398	
Intergovernmental	39,485	
Interest income	3,207	
Total revenues		<u>1,804,905</u>
Expenditures:		
Salaries and benefits	760,507	
PILOT expense	203,000	
Consulting	35,334	
Marketing	48,141	
Payroll taxes	53,074	
Legal and professional	42,308	
Insurance	49,929	
Travel	15,973	
Rent	36,450	
Equipment rent	20,000	
Repairs and maintenance	23,017	
Staff development	4,677	
Dues and subscriptions	32,570	
Other	63,341	
Communications/outreach	4,278	
Telephone	11,407	
Supplies	4,651	
Printing and reproduction	6,336	
Utilities	3,192	
Service charges	2,690	
Total expenditures		<u>1,420,875</u>
Net change in fund balance		384,030
Fund balance, beginning of year		<u>814,978</u>
Fund balance, end of year		\$ <u><u>1,199,008</u></u>

See accompanying notes to financial statements.

ST. TAMMANY PARISH DEVELOPMENT DISTRICT

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

For the Year Ended December 31, 2020

Net change in fund balance - governmental fund	\$	384,030
Amounts reported for governmental activities in this 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:		
Depreciation expense		(8,490)
Revenues in the government-wide statement of activities include economic resources that are not reported as revenues in the governmental fund operating statement. This is the amount by which current year deferred inflows of resources in the governmental funds of \$0 was less than prior year deferred inflows of resources in the governmental funds of \$20,319.		
		<u>(20,319)</u>
Change in net position of governmental activities	\$	<u><u>355,221</u></u>

See accompanying notes to financial statements.

ST. TAMMANY PARISH DEVELOPMENT DISTRICT

Notes to Financial Statements

December 31, 2020

(1) Summary of Significant Accounting Policies

(a) Organization

St. Tammany Parish Development District (the District) was established for the purpose of promoting and encouraging the development of economic and industrial opportunities, stimulating the economy, and utilizing and developing the natural and human resources of St. Tammany Parish. The District was created by the State of Louisiana Revised Statutes (LRS) 33.130.401 to 33.130.409. It was reestablished as a separate political body under the provisions of Article VI, Section 44 of the Constitution of Louisiana. The District is governed by a Board of Commissioners (the Board), consisting of eleven voting members, nominated by the District and submitted to the St. Tammany Parish Council for confirmation. Commissioners serve 3-year terms.

(b) Reporting Entity

Governmental accounting standards established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. A component unit is a government that is financially accountable to another government or one for which another government can exert influence over its budget and operations. As St. Tammany Parish only confirms, but does not appoint, the District's Commissioners, the District is not considered to be a component unit of St. Tammany Parish. The District has no component units.

(c) Basic Financial Statements - 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. 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. There were no activities of the District categorized as business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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.

(d) Basic Financial Statements - Fund Financial Statements

The District uses fund accounting to report on its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain government functions or activities. A fund is defined as a separate accounting entity with a self-balancing set of accounts. Funds are ordered into three major categories: governmental, proprietary, and fiduciary, which are grouped by fund type in the financial statements. Governmental fund types are those through which general governmental functions of the District are financed. The acquisition, use, and balances of the District's expendable financial resources and the related liabilities are accounted for through governmental

ST. TAMMANY PARISH DEVELOPMENT DISTRICT

Notes to Financial Statements

December 31, 2020

funds. The General Fund, the main operating fund of the District, is used to account for all financial resources.

(e) Basis of Accounting

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 the related cash flows. 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 a 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 government 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.

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.

(f) Budget Policies

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.

(g) Cash and Cash Equivalents

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 District's investment policy allow the entity to invest in collateralized certificates of deposit, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

(h) Receivables

All receivables are shown net of an allowance for uncollectibles. Intergovernmental receivables represent amounts due from the State for hotel/motel tax revenue. The District believes that all receivables are collectible at December 31, 2020.

(i) Capital Assets

Capital assets which include land and office furniture and equipment, are reported in the government-wide financial statements. Capital assets are capitalized at historical cost. Donated

ST. TAMMANY PARISH DEVELOPMENT DISTRICT

Notes to Financial Statements

December 31, 2020

assets, if any, are recorded as capital assets at their estimated fair market value at the date of donation. Capital assets of the governmental funds are recorded as expenditures at the time they purchased or constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets, except for land, are defined by the District as assets with an initial individual cost of more than \$1,000. Land is not depreciated. Office furniture and equipment is depreciated using the straight-line method over useful lives of 5 - 7 years.

(j) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities, deferred inflows, 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.

(k) Fund Balance

In fund financials, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components, as follows:

1. **Nonspendable-** This component consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
2. **Restricted -** This component consists of amounts that have constraints placed on them either externally by third-parties (bond creditors) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the District to assess payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.
3. **Committed -**This component consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District. Those committed amounts cannot be used for any other purpose unless the District removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed previously to commit those amounts.
4. **Assigned -** This component consists of amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed.
5. **Unassigned -** This component consists of amounts that have not been restricted, committed or assigned to specific purposes within the general fund.

ST. TAMMANY PARISH DEVELOPMENT DISTRICT

Notes to Financial Statements

December 31, 2020

The District has no restricted, committed, or assigned fund balances as of December 31, 2020. As of December 31, 2020, the nonspendable fund balance amounted to \$10,832.

The Board of Commissioners, as the highest level of decision-making authority, can establish, modify or rescind a fund balance commitment by formal vote at a public board meeting. For assigned fund balance the Board of Commissioners authorizes management to assign amounts for a specific purpose.

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

(l) Net Position

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

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

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. As of December 31, 2020 and for the year then ended, the District did not have or receive restricted net assets.

(m) New Accounting Pronouncements

The GASB issued Statement No. 87, *Leases*, in June 2017. The objective of GASB No. 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 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 of the District's financial statements. This Statement will be effective for the District for the fiscal year ending December 31, 2022.

ST. TAMMANY PARISH DEVELOPMENT DISTRICT

Notes to Financial Statements

December 31, 2020

(2) Cash and Cash Equivalents

At December 31, 2020, the District had cash and cash equivalents (book balances) totaling \$648,619, which were demand deposits at a local financial institution. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. 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.

At December 31, 2020, the District had \$572,201, in deposits (collected bank balances). These deposits were secured from risk by \$250,000 of federal deposit insurance and \$322,701 of pledged securities held by the custodial bank as of December 31, 2020.

(3) Investments

At December 31, 2020 the District had investments of \$450,120, which is stated at market using published quotes and consist entirely of investments in the 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 LA – R.S. 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.

LAMP is an investment pool that, to the extent practical, invest 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.

ST. TAMMANY PARISH DEVELOPMENT DISTRICT

Notes to Financial Statements

December 31, 2020

- **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 90 days, and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments. The WAM for LAMP's total investments is 47 days as of December 31, 2020.
- **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.

(4) Receivables

Intergovernmental receivable is State Act money due from the State of Louisiana in the amount of \$509,424 as of December 31, 2020 for hotel/motel tax revenue. Management of the District considers these receivables to be fully collectible.

(5) State Act Income and Unearned Income

The District receives hotel/motel taxes which are appropriated by the State. Based on the approved appropriations, the District records a receivable and unearned income for the anticipated amount that will be received. Unearned income is then amortized monthly for the appropriation year (July to June).

For the 2019-2020 appropriation of \$836,775, the District recognized income of \$418,388 during the preceding year and the remaining \$418,387 during the current year.

For the 2020-2021 appropriation of \$836,775, the District reduced the amount expected to be received to \$818,202 due to reductions in hotel/motel tax collections caused by the global pandemic. Of this amount, \$399,814 was recognized as revenue in the current year with the remaining amount of \$399,814 being recorded as unearned income at year end.

During the current year, the District also received \$332,550 of hotel/motel tax funds that were being held in a reserve fund by the State.

(6) Capital Assets

Capital assets and depreciation activity as of and for the year ended December 31, 2020 for the primary government is as follows:

ST. TAMMANY PARISH DEVELOPMENT DISTRICT

Notes to Financial Statements

December 31, 2020

	<u>Balance</u> <u>January 1,</u> <u>2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>December 31,</u> <u>2020</u>
Capital assets not being depreciated				
Land	\$ 400,000	-	-	400,000
Capital assets being depreciated				
Office furniture and equipment	43,336	-	-	43,336
Total capital assets being depreciated	43,336	-	-	43,336
Less accumulated depreciation	<u>(11,653)</u>	<u>(8,490)</u>	-	<u>(20,143)</u>
Total capital assets being depreciated, net	<u>31,683</u>	<u>(8,490)</u>	-	<u>23,193</u>
Total capital assets, net	<u>\$ 431,683</u>	<u>(8,490)</u>	-	<u>423,193</u>

The District recorded \$8,490 of depreciation expense on its capital assets for the year ended December 31, 2020.

(7) Conduit Debt Obligations

The District has issued taxable revenue bonds to provide funding for the construction of facilities for private companies. The bonds are secured by the property and facilities of the private companies. Neither the District nor the State of Louisiana is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2020, the following conduit debt obligations were outstanding:

<u>Series</u>	<u>Issued</u>	<u>Mature</u>	<u>Balance at</u> <u>December 31, 2020</u>
2002	04/2002	07/2022	\$ 660,000
2003	06/2003	08/2023	25,000,000
2006A	12/2006	12/2036	4,430,000
2008	03/2008	03/2033	5,125,000
2008	04/2008	04/2034	2,830,000
2008	04/2008	07/2038	36,725,000
2011	09/2011	09/2041	72,138,163

The District has entered into agreements with a private company to issue taxable revenue bonds of up to \$1,061,386,000. At December 31, 2020, no bonds have been issued on these agreements.

ST. TAMMANY PARISH DEVELOPMENT DISTRICT

Notes to Financial Statements

December 31, 2020

(8) Leases

The District entered into an agreement on January 1, 2020 to lease commercial office space. The agreement calls for monthly payments of \$3,038. The lease expires December 31, 2021. Rent expense under this lease for the year ended December 31, 2020 totaled \$36,450. Future rent commitments under this lease amount to \$36,450 all of which will be due in the year ended December 31, 2021.

Pursuant to the taxable revenue bonds described in Note 7, the District has entered into lease agreements with private companies.

The District entered into a lease agreement with a private company, dated as of April 1, 2002, in connection with the issuance of \$ 15,380,000 of bonds issued for the benefit of the company. The lease expires on the earlier of July 1, 2022, or when the said bonds are retired. Under the lease, the company is required to make a monthly lease payment to the District equal to \$1,000. Upon payment in full of the bonds, the company has the option to purchase the property financed with the bonds for an amount equal to \$1,000, plus any of the District's fees.

The District entered into a lease agreement with a private company, dated as of June 1, 2003, in connection with the issuance of \$25 million of bonds issued for the benefit of the company. The lease expires on the earlier of August 1, 2023, or when the said bonds are retired. Under the lease, the company is required to pay an annual fee of \$2,500 to the District by April 1st of each year, as well as paying the reasonable fees and expenses of the Trustee under the trust indenture under which the bonds are issued. Also, so long as the Lease remains in effect and the project financed with the said bonds is owned by the District, the project is exempt from ad valorem tax. The lease requires that the company make an annual payment on December 1st of each year, through and including December 1, 2022 with a final payment on June 1, 2023, in an amount based on a formula with a minimum of \$55,000 and a maximum of \$75,000. The District is required to pay 80% of this payment to St. Tammany Parish Fire Protection District No. 3 and 20% to St. Tammany Parish Recreation District No. 4. The land upon which this project was constructed was purchased by the company and donated to the District. As the District considers the value of the land to be insignificant, the land has not been recorded as an asset of the District. Upon payment in full of the bonds, the company has the option to purchase the property financed with the bonds for an amount equal to \$1,000, plus any of the District's fees.

The District entered into a lease agreement with a private company, dated as of April 1, 2008, in connection with the issuance of \$45 million of bonds issued for the benefit of the company. The lease expires on the earlier of April 1, 2038, or when the said bonds are retired. Under the lease, the company is required to pay an annual fee of \$2,500 to the District by February 1st of each year, commencing on February 1, 2009, as well as paying the reasonable fees and expenses of the Trustee under the trust indenture under which the bonds are issued. Also, so long as the lease remains in effect and the project financed with the said bonds is owned by the District, the project is exempt from the ad valorem tax.

The lease requires that the company make an annual payment on February 1st of each year, through and including February 1, 2024, in the amount of \$50,000, which the District intends to pay to the local fire protection district to defray the costs of fire protection. After February 1, 2024 and until all bonds are retired, the company will make an annual payment in lieu of taxes on February 1st of each year in the amount equal to 100% of ad valorem taxes that would otherwise be due with respect to the project with PILOT payment shall be paid directly to the applicable municipal and/or parish tax collector for

ST. TAMMANY PARISH DEVELOPMENT DISTRICT

Notes to Financial Statements

December 31, 2020

distribution to the applicable taxing bodies based on their then current millage rates. Upon payment in full of the bonds, the company has the option to purchase the property financed with the bonds for an amount equal to \$1,000, plus an of the District's fees.

The District entered into a lease agreement with a private company, dated as of September 1, 2011, in connection with the issuance of \$75 million of bonds issued for the benefit of the company (the 2011 Bonds). The lease expires on the earlier of September 1, 2041, or when the 2011 Bonds are retired. Under the lease, the company is required to pay an annual fee of \$25,000 to the District by February 1st of each year, as well as paying the reasonable fees and expenses of the Trustee under the trust indenture under which the 2011 Bonds are issued. Also, so long as the lease remains in effect and the project financed with the 2011 Bonds is owned by the District, the project is exempt from ad valorem tax. The lease requires that the company make an annual payment on February 1st of each year, through and including February 1, 2032, in the amount of \$75,000, to be distributed by the District to such taxing authorities located in the area of the project, and according to such allocation formula as the District may determine from time to time. The District also entered into a lease agreement and agreement to issue bonds with the same private company dated as of June 1, 2015, in connection with the expansion of the company's facility (the 2015 Lease). Although no new bonds were issued, the District agrees in the 2015 lease to issue bonds in the future under certain circumstances. Under the 2015 lease, the company is required to continue paying the \$25,000 annual fee described above. Additionally, the 2015 Lease requires that the company make an annual payment on February 1st of each year, through and including February 1, 2032, in the amount of \$15,500, to be distributed to all taxing bodies ratably based on their then current millage rates. After February 1, 2032 and until the 2011 Bonds are retired, the company will make an annual payment in lieu of taxes on February 1st of each year in the amount equal to 100% of ad valorem taxes that would otherwise be due with respect to the project which PILOT payment shall be paid directly to the applicable municipal and/or parish tax collector for distribution to the applicable taxing bodies based on their then current millage rates. Upon payment in full of the 2011 Bonds, the company has the option to purchase the property financed with the 2011 Bonds for an amount equal to \$5,000, plus any of the District's fees.

The District has entered into a series of Bareboat Charters and Agreements to Issue Bonds with a private company, and several affiliated companies under common ownership, dated as of December 1, 2011, December 1, 2012, December 1, 2013, December 1, 2014, December 1, 2015, December 1, 2016, December 31, 2017, December 31, 2018, December 31, 2019, and December 31, 2020 in connection with the acquisition by the company of the fleet of approximately 294 vessels (primarily tow boats and barges comprising a portion of the company's total fleet of vessels, of which 77 vessels were added during 2020) used by the company on domestic inland waterways. These agreements expire with respect to each of the vessels on December 31st of the years 2021 through 2028. Under the various agreements, as of December 31, 2020, the company is required to pay an annual fee of \$139,364 to the District by November 1st of each year. Also, so long as the various agreements remain in effect and the vessels are owned by the District, those vessels are exempt from ad valorem tax in St. Tammany Parish. At the end of the respective charter terms, the company has the option to purchase the respective vessels for an amount equal to \$1,000 per vessel, plus any of the District's fees.

(9) Subsequent Events

The District evaluated subsequent events through May 27, 2021, the date which the financial statements were available to be issued.

ST. TAMMANY PARISH DEVELOPMENT DISTRICT

Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget to Actual - General Fund

For the Year Ended December 31, 2020

	Budget		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
Hotel/Motel tax revenue, net	\$ 836,775	1,018,741	1,150,752	132,011
Administrative fees	168,635	181,364	213,364	32,000
PILOT service fees	215,500	215,500	215,500	-
Contributions	101,125	264,482	128,199	(136,283)
Bond closing fees	12,000	12,000	54,398	42,398
Interest income	7,500	3,200	3,207	7
Other income	60,000	70,545	39,485	(31,060)
Total revenue	1,401,535	1,765,832	1,804,905	39,073
Expenditures:				
Salaries and benefits	792,638	778,113	760,507	17,606
PILOT expense	203,000	203,000	203,000	-
Consulting	37,297	24,084	35,334	(11,250)
Marketing	32,000	16,116	48,141	(32,025)
Payroll taxes	58,130	54,173	53,074	1,099
Legal and professional	46,500	39,808	42,308	(2,500)
Insurance	46,570	48,745	49,929	(1,184)
Travel	28,520	15,743	15,973	(230)
Rent	36,450	36,450	36,450	-
Equipment rent	-	-	20,000	(20,000)
Repairs and maintenance	32,660	22,605	23,017	(412)
Staff development	-	4,517	4,677	(160)
Capital outlay	10,250	9,000	-	9,000
Dues and subscriptions	19,220	30,000	32,570	(2,570)
Other	1,400	78,678	63,341	15,337
Communications/outreach	10,900	3,370	4,278	(908)
Telephone	10,400	10,720	11,407	(687)
Supplies	8,000	4,650	4,651	(1)
Printing and reproduction	12,500	6,336	6,336	-
Utilities	4,000	3,350	3,192	158
Service charges	2,600	2,600	2,690	(90)
Miscellaneous / contingency	8,500	4,500	-	4,500
Total expenditures	1,401,535	1,396,558	1,420,875	(24,317)
Net change in fund balance	-	369,274	384,030	14,756
Fund balance, beginning of year	814,978	814,978	814,978	-
Fund balance, end of year	\$ 814,978	1,184,252	1,199,008	14,756

ST. TAMMANY PARISH DEVELOPMENT DISTRICT

Schedule of Compensation Paid to Board Members

December 31, 2020

<u>Board Member</u>	<u>Compensation</u>
Marty Mayer, President 109 Northpark Blvd., Suite 300, Covington LA 70433	\$ -
Mike Tillman, Vice President 1330 Greengate Dr., Covington, LA 70433	-
Michael Grambrell, Secretary / Treasurer 130 Carlisle Ct., Slidell, LA 70458	-
Rhonda Bagby 424 Pencarrow Circle, Madisonville, LA 70447	-
Scott Biggers 2900 E. Causeway Approach Mandeville, LA 704448	-
Scott Day 1875 Highway 59, Mandeville, LA 70448	-
Al Hameuei 60162 Oak Lawn Ave., Lacombe, LA 70445	-
Oscar Hernandez 2 Sanctuary Blvd., Ste 101, Mandeville, LA 70471	-
Bruce Javery 35103 Camp Salmen Rd., Slidell, LA 70460	-
Bill Newton 35140 Garden Dr., Slidell, LA 70460	-
William Wainwright 615 City Park Ave., New Orleans, LA 70119	-
	<hr/>
	\$ <hr/> <hr/>

ST. TAMMANY PARISH DEVELOPMENT DISTRICT

Schedule of Compensation, Benefits, and Other Payments to Agency Head

For the Year Ended December 31, 2020

Agency Head Name: Chris Masingill, Executive Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 190,192
Benefits- Insurance	5,548
Benefits- Retirement	5,539
Benefits- Others	9,999
Car Allowance	9,000
Per Diem	861
Reimbursements	123
Travel	777
Registration Fees	757
Conference Travel	6,929
Continuing Professional Education Fees	924
Special Meals	669
	<u>\$ 231,318</u>



Stephen M. Griffin, CPA
Robert J. Furman, CPA

Jessica S. Benjamin, Director

—
Members

American Institute of
Certified Public Accountants
Society of LA CPA's

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

To the Board of Commissioners
St. Tammany Parish Development District
Mandeville, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and major fund of the St. Tammany Parish Development District (the District), as of and for the year then ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated May 27, 2021.

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 their 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 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 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. 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 of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

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

Griffin & Furman, LLC

May 27, 2021

ST. TAMMANY PARISH DEVELOPMENT DISTRICT

Schedule of Findings and Management Corrective Action Plan

December 31, 2020

Summary of Audit Results:

- 1. Type of Report Issued – Unqualified**
- 2. Internal Control Over Financial Reporting**
 - a. Significant Deficiencies – No**
 - b. Material Weaknesses - No**
- 3. Compliance and Other Matters – No**
- 4. Management Letter - No**

ST. TAMMANY PARISH DEVELOPMENT DISTRICT

Status of Prior Findings

December 31, 2020

Not applicable