

**RECREATION DISTRICT NO. 3
OF THE PARISH OF ST. MARY**

Bayou Vista, Louisiana

Year Ended September 30, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Recreation District No. 3 of the Parish of St. Mary
Bayou Vista, LA

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Recreation District No. 3 of the Parish of St. Mary (hereinafter "District"), a component unit of the Parish of St. Mary, as of and for the year ended September 30, 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.

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 District'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 District'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 unmodified and qualified audit opinions.

Unmodified Opinion

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 District, as of September 30, 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 budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the budgetary comparison information on pages 28-30 because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The District 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 required 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 District's basic financial statements. The other supplementary information as listed 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 ad valorem taxes collected on page 32 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on that information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
March 30, 2021

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

RECREATION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Bayou Vista, Louisiana

Statement of Net Position
September 30, 2020

	Governmental Activities
ASSETS	
Cash and interest-bearing deposits	\$ 601,382
Receivables, net	8,317
Prepaid expenses	14,132
Capital assets:	
Land	268,607
Other, net of accumulated depreciation	4,008,840
Deposits	375
TOTAL ASSETS	4,901,653
LIABILITIES	
Accounts, salaries, and other payables	16,556
Long term liabilities:	
Due within one year	247,000
Due in more than one year	655,333
TOTAL LIABILITIES	918,889
NET POSITION	
Net investment in capital assets	3,376,447
Restricted for -	
Capital projects	2,331
Debt service	221,535
Unrestricted	382,451
TOTAL NET POSITION	\$ 3,982,764

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

RECREATION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Bayou Vista, Louisiana

Statement of Activities
Year Ended September 30, 2020

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Fees and Charges for Services	Operating Grants and Contributions	
Governmental activities:				
General government	\$ 648,926	\$ 28,760	\$ 100,000	\$ (520,166)
Interest on debt	32,224	-	-	(32,224)
Total governmental activities	\$ 681,150	\$ 28,760	\$ 100,000	(552,390)
General revenues:				
Taxes:				
Property taxes, levied for maintenance and debt service				757,638
Interest and investment earnings				1,149
Other income				8,282
Total general revenues				767,069
Change in net position				214,679
Net position - October 1, 2019				3,768,085
Net position - September 30, 2020				\$ 3,982,764

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

FUND FINANCIAL STATEMENTS

MAJOR FUND DESCRIPTION

General Fund

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

Capital Projects Fund

The Capital Project Fund is used to account for bond proceeds financing the improvements of the recreational facilities.

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of principal, interest, and related costs of general obligation bonds and other indebtedness.

RECREATION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Bayou Vista, Louisiana

Balance Sheet
Governmental Funds
September 30, 2020

	General	Capital Project	Debt Service	Total Governmental Funds
ASSETS				
Assets:				
Cash and interest-bearing deposits	\$ 391,071	\$ 4,431	\$ 205,880	\$ 601,382
Receivables	8,317	-	-	8,317
Due from other funds	2,100	-	15,655	17,755
Prepaid expenditures	14,132	-	-	14,132
Deposits	375	-	-	375
Total assets	\$ 415,995	\$ 4,431	\$ 221,535	\$ 641,961
LIABILITIES				
Liabilities:				
Accounts payable	\$ 10,315	\$ -	\$ -	\$ 10,315
Accrued liabilities	3,943	-	-	3,943
Due to other funds	15,655	2,100	-	17,755
Total liabilities	29,913	2,100	-	32,013
FUND BALANCES				
Fund balances:				
Nonspendable	14,132	-	-	14,132
Restricted	-	2,331	221,535	223,866
Unassigned	371,950	-	-	371,950
Total fund balance	386,082	2,331	221,535	609,948
Total liabilities, deferred inflows of resources, and fund balances	\$ 415,995	\$ 4,431	\$ 221,535	\$ 641,961

(continued)

RECREATION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Bayou Vista, Louisiana

Balance Sheet (continued)
Governmental Funds
September 30, 2020

Reconciliation of the Governmental Funds' Balance Sheet to the Statement of Net Position

Total fund balances for governmental funds at September 30, 2020	\$ 609,948
Total net position reported for governmental activities in the statement of net position is different because:	
Capital assets, net of accumulated depreciation	4,277,447
Bonds payable	(901,000)
Accrued interest payable	(2,298)
Compensated absences	<u>(1,333)</u>
Net position at September 30, 2020	<u>\$ 3,982,764</u>

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

RECREATION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Bayou Vista, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended September 30, 2020

	General	Capital Project	Debt Service	Total Governmental Funds
Revenues:				
Local sources-				
Intergovernmental	\$ 100,000	\$ -	\$ -	\$ 100,000
Ad valorem taxes	627,429	-	130,209	757,638
Fee and charges for services	28,760	-	-	28,760
Investment earnings	459	9	681	1,149
Other income	8,282	-	-	8,282
Total revenues	764,930	9	130,890	895,829
Expenditures:				
Current -				
Ad valorem tax deductions	21,422	-	4,436	25,858
General government	165,112	-	-	165,112
Repairs and maintenance	60,479	-	-	60,479
Professional fees	29,785	-	-	29,785
Utilities	35,657	-	-	35,657
Capital outlay	20,879	-	-	20,879
Debt service -				
Interest and fees	-	-	32,879	32,879
Principal	-	-	257,000	257,000
Total expenditures	333,334	-	294,315	627,649
Excess/(Deficiency) of revenues over expenditures	431,596	9	(163,425)	268,180
Other financing sources (uses):				
Transfers in	-	-	289,879	289,879
Transfers out	(289,879)	-	-	(289,879)
Total other financing sources (uses)	(289,879)	-	289,879	-
Net change in fund balances	141,717	9	126,454	268,180
Fund balances, beginning	244,365	2,322	95,081	341,768
Fund balances, ending	\$ 386,082	\$ 2,331	\$ 221,535	\$ 609,948

(continued)

RECREATION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Bayou Vista, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)
Governmental Funds
Year Ended September 30, 2020

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities

Total net changes in fund balances for the year ended September 30, 2020 per
Statement of Revenues, Expenditures and Changes in Fund Balances \$ 268,180

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

Principal payments	257,000
Change in accrued interest	655
Change in compensated absences	(326)
Capital outlay	20,879
Depreciation expense	<u>(331,709)</u>

Total changes in net position for the year ended September 30, 2020 per
Statement of Activities \$ 214,679

RECREATION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Bayou Vista, Louisiana

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

Recreation District No. 3 of the Parish of St. Mary, State of Louisiana (the District) was created by Ordinance No. 1109 issued by the St. Mary Parish Council on June 13, 1990. The District encompasses Ward Eight of the Parish of St. Mary less and except that territory contained within the corporate limits of the Town of Berwick, as said corporate limits are presently constituted, and a portion of Ward Five of the Parish of St. Mary. The District is governed by a Board of Commissioners appointed by the St. Mary Parish Council. The purpose of the District is to provide for cultural and recreational activities in that portion of the Parish.

The accounting and reporting policies of the District conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:513, the *Louisiana Audit Guide* and to the industry audit guide, *Audit of State and Local Governmental Units*.

The following is a summary of certain significant account policies:

A. Reporting Entity

As the governing authority of the parish, for reporting purposes, the Parish of St. Mary is the financial reporting entity for St. Mary Parish. The financial reporting entity consists of (a) the primary government (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*, as amended, established criteria for determining which component units should be considered part of the Parish of St. Mary for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

- Appointing a voting majority of an organization's governing body, and the ability of the Parish Council to impose its will on that organization and/or the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Parish Government.
- Organizations for which the Parish Council does not appoint a voting majority but are fiscally dependent on the Parish Government.
- Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

RECREATION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Bayou Vista, Louisiana

Notes to Financial Statements (continued)

Because the Parish Council appoints the governing body and has the ability to significantly impose its will, the District is a component unit of the Parish of St. Mary, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the council, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

B. Basis of Presentation

The accompanying basic financial statements of the District have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, issued in June 1999.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. These statements include all the financial activities of the District. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

The Statement of Activities presents a comparison between direct expenses and program revenues for the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of services offered by the District, and (b) grants and contributions that are restricted to meeting the operational or capital requirement of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

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

RECREATION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Bayou Vista, Louisiana

Notes to Financial Statements (continued)

Governmental Funds –

General Fund – this fund is the primary operating fund of the District and it accounts for the operations of the District’s office. The general fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to District policy.

Capital Project Fund – the capital project fund is used to account for financial resources to be used for the acquisition and construction of major capital facilities.

Debt Service Fund – the 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.

C. Capital Assets

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$1,000 or more for capitalizing assets.

Depreciation of all exhaustible capital assets is recorded as an expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

Buildings and improvements (including ball parks)	20 – 40 years
Recreational facilities and playground equipment	10 – 20 years
Equipment	5 – 12 years
Furniture	5 – 7 years

D. Measurement Focus/Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current position.

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. 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. The District uses the following practices in recording certain revenues and expenditures:

RECREATION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Bayou Vista, Louisiana

Notes to Financial Statements (continued)

Revenues

Intergovernmental revenues are recorded when approved for payment by the payer or governing body.

Ad valorem taxes are recorded in the year taxes are due and payable.

Substantially all other revenues are recorded when received.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on long-term debt is recognized when due.

E. Cash

Cash includes amounts in demand deposits and interest-bearing demand deposits.

Under state law, the District may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

F. Investments

State statutes authorize the District to invest in United States bonds, treasury notes or certificates, and time deposits of State banks organized under Louisiana law and national banks having principal offices in Louisiana. Local governments in Louisiana are also authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a nonprofit corporation formed and organized under the laws of the State of Louisiana, which operates a local government investment pool.

G. Prepaid Items

Insurance payments made to insurance agencies that will benefit periods beyond the current period are recorded as prepaid items.

H. Interfund Activity

Short-term cash borrowings between funds are considered temporary in nature. These amounts are reported as "Due to/from other funds."

Permanent allocations of resources of the reporting entity are classified as interfund transfers. For the purpose of the statement of activities, all interfund transfers between governmental funds have been eliminated.

RECREATION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Bayou Vista, Louisiana

Notes to Financial Statements (continued)

I. Compensated Absences

Employees of the District earn vacation leave each year as follows:

- Employed 1 to 3 years – 5 days accrued each year
- Employed 3 to 9 years – 10 days accrued each year
- Employed 10+ years – 15 days accrued each year

Any unused vacation leave at the time of retirement, or separation from employment, is paid to the employee.

J. Equity Classifications

Government-wide financial statements

Equity is classified as net position and displayed in three components:

1. Net investment in capital assets - consists of capital assets (including restricted capital assets), net of accumulated depreciation and reduced by the outstanding balances of any bonds, certificates of indebtedness, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted - consists of net position with constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
3. Unrestricted - all other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

Fund financial statements

Fund balance for the District’s governmental funds is displayed in the following classifications depicting the relative strength of the spending constraints placed on the purposes for which resources can be used:

1. Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
2. Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
3. Committed - amounts that can be used only for specific purposes determined by a formal action of the Board of Commissioners. The Board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through formal actions of the Board of Commissioners.

RECREATION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Bayou Vista, Louisiana

Notes to Financial Statements (continued)

4. Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the Board of Commissioners may assign amounts for specific purposes.
5. Unassigned - all other spendable amounts.

When an expenditure is incurred for 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 Board of Commissioners have provided otherwise in its commitment or assignment actions.

K. Capitalized Interest

The District capitalizes interest costs and interest earned as part of the cost of constructing various projects when material. The District capitalized no interest for the year ended September 30, 2020.

(2) Cash and Interest-Bearing Deposits

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. At September 30, 2020, the District has cash and interest-bearing deposits (book balances) totaling \$601,382 as follows:

	Governmental Activities
Cash and interest-bearing deposits	\$ 395,502
Money market accounts	205,880
Total	\$ 601,382

RECREATION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Bayou Vista, Louisiana

Notes to Financial Statements (continued)

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at September 30, 2020 totaling \$606,211 are secured as follows:

Federal Deposit Insurance	531,125
Pledged Securities	<u>75,086</u>
Total insured and secured	<u>\$ 606,211</u>

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the District's deposits may not be recovered or the collateral securities that are in the possession of an outside party will not be recovered. The District does not have a policy to monitor or attempt to reduce exposure to custodial credit risk. At September 30, 2020, deposits in the amount of \$75,086 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the District's name.

(3) Ad Valorem Taxes

The District's ad valorem tax is levied in October of each year on the assessed value of property within the District's taxing area. Taxes are due and payable by December 31 and an enforceable lien attaches to the property on January 1. The taxes are collected on behalf of the District by the St. Mary Parish Sheriff and then remitted to the District. The District receives most of the ad valorem taxes in January and February.

For the year ended September 30, 2020, taxes of 9.00 mills were levied on property with assessed valuations totaling \$88,486,009 and were dedicated as follows:

Maintenance and operations	6.00
Debt service	3.00

Total taxes collected were \$757,638.

RECREATION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Bayou Vista, Louisiana

Notes to Financial Statements (continued)

(4) Capital Assets

Capital asset activity for the year ended September 30, 2020 was as follows:

	Balance 10/01/19	Additions	Deletions	Balance 09/30/20
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 268,607	\$ -	\$ -	\$ 268,607
Capital assets, being depreciated:				
Buildings	2,634,535	12,103	-	2,646,638
Recreational facilities and playground equipment	3,793,108	-	-	3,793,108
Ball parks	474,131	1,078	(1,399)	473,810
Equipment	484,645	7,698	-	492,343
Furniture	25,661	-	-	25,661
Total	7,680,687	20,879	(1,399)	7,700,167
Less: accumulated depreciation				
Buildings	1,312,105	95,915	-	1,408,020
Recreational facilities and playground equipment	1,032,591	187,723	-	1,220,314
Ball parks	372,464	15,462	(1,399)	386,527
Equipment	353,875	31,974	-	385,849
Furniture	21,375	635	-	22,010
Total	3,092,410	331,709	(1,399)	3,422,720
Net capital assets	\$ 4,588,277	\$ (310,830)	\$ -	\$ 4,277,447

Depreciation expense in the amount of \$331,709 was charged to general government.

RECREATION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Bayou Vista, Louisiana

Notes to Financial Statements (continued)

(5) Accounts, Salaries, and Other Payables

The accounts, salaries, and other payables consisted of the following at September 30, 2020:

	Governmental Activities
Accounts payable	\$ 10,315
Salaries, benefits, and taxes payable	3,943
Accrued interest payable	2,298
Total	\$ 16,556

(6) Long Term Liabilities

Bonds payable at September 30, 2020 are comprised of the following issues:

\$250,000 General Obligation Bonds, Series 2005, due in annual installments of \$5,000 to \$25,000 through March 1, 2025, interest fixed at 3.95% payable from ad valorem taxes of the District. Issued for the purpose of constructing, equipping and furnishing an addition to the community center and improving existing parks and other recreational facilities of the District.

\$700,000 General Obligation Bonds, Series 2010, due in annual installments of \$35,000 to \$70,000 through March 1, 2023, interest fixed at 3.42% payable from ad valorem taxes of the District. Issued to construct one or more athletic fields, to improve Splash Park, to improve the Community Center, and to undertake such other improvements, repairs, and renovations to facilities currently owned and operated by the District.

\$812,000 Limited Tax Refunding Bonds, Series 2018, due in annual installments of \$127,000 to \$145,000 through March 1, 2024, interest fixed at 3.12% payable from ad valorem taxes of the District. Issued to redeem its outstanding Series 2013 Limited Tax Bonds and Series 2014 Certificate of Indebtedness.

\$215,000 General Obligation Refunding Bonds, Series 2018, due in installments of \$41,000 to \$45,000 through March 1, 2023, interest fixed at 3.05% payable from ad valorem taxes to be levied by the District. Issued to redeem its outstanding Series 2013 Bonds, Series 2005 Bonds, and Series 2010 General Obligation Bonds.

RECREATION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Bayou Vista, Louisiana

Notes to Financial Statements (continued)

During year ended September 30, 2020, the following changes occurred in noncurrent liabilities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
General obligation debt -					
Series 2005	\$ 30,000	\$ -	\$ (25,000)	\$ 5,000	\$ 1,000
Series 2010	270,000	-	(60,000)	210,000	70,000
Refunding, Series 2018	173,000	-	(42,000)	131,000	41,000
Limited tax bonds -					
Refunding, Series 2018	685,000	-	(130,000)	555,000	135,000
Compensated absences	<u>1,007</u>	<u>3,020</u>	<u>(2,694)</u>	<u>1,333</u>	<u>-</u>
	<u>\$ 1,159,007</u>	<u>\$ 3,020</u>	<u>\$ (259,694)</u>	<u>\$ 902,333</u>	<u>\$ 247,000</u>

The following is a schedule of debt requirements at September 30, 2020:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	247,000	24,744	271,744
2022	251,000	16,786	267,786
2023	256,000	8,690	264,690
2024	146,000	2,321	148,321
2025	<u>1,000</u>	<u>20</u>	<u>1,020</u>
	<u>\$ 901,000</u>	<u>\$ 52,561</u>	<u>\$ 953,561</u>

7) Retirement System

During the year ended September 30, 2020 all of the District's employees participated in the Social Security System. For the year ended September 30, 2020, the District contributed \$14,863 for the benefit of its employees. In addition, qualified employees also belong to a SEP/IRA Retirement Plan that was established by the District during the year ended September 30, 2002. The District may opt to contribute 5% of the gross wages of each qualified employee to their individual SEP/IRA Retirement Plan account on a monthly basis. However, the District opted not to contribute to the individual SEP/IRAs during the year ended September 30, 2020.

RECREATION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Bayou Vista, Louisiana

Notes to Financial Statements (continued)

(8) Fund Balance

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds are presented as follows:

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Totals</u>
Fund balances:				
Nonspendable -				
Prepaid items	\$ 14,132	\$ -	\$ -	\$ 14,132
Restricted for -				
Capital projects	-	2,331	-	2,331
Debt retirement	-	-	221,535	221,535
Total fund balances - reserved	-	2,331	221,535	223,866
Unassigned	371,950	-	-	371,950
Total fund balances	<u>\$ 386,082</u>	<u>\$ 2,331</u>	<u>\$ 221,535</u>	<u>\$ 609,948</u>

(9) Related Party Transactions

The District recognized the following transactions with the Parish of St. Mary (hereinafter "Parish"):

The Parish transferred \$100,000 to the District for operations and maintenance of its facilities. Such transfers are recognized as a component of revenue in the general fund of the District's fund financial statements as Intergovernmental Revenue.

RECREATION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Bayou Vista, Louisiana

Notes to Financial Statements (continued)

(10) Compensation Paid to Board Members

The schedule of compensation paid to the board of Commissioners for the period ended September 30, 2020 in compliance with Louisiana Revised Statute 33:4572(B):

	<u>Per Diem Received</u>
John Trevino, Chairman	110
Calvin Johnson	80
Lane Boudreaux	90
Kenneth Alfred	50
Jeffrey Fitter	40
Dan Irwin	20
Paul Tholen	90
Bailey Barbier	<u>100</u>
Total	<u>580</u>

Act 706 of the 2014 Legislative Session amended RS 24:513A requiring additional disclosure of total compensation, reimbursements, benefits, or other payments made to an agency head or chief officer. For the year ended September 30, 2020 the District's chief officer, John Trevino, received \$110 in per diem payments.

(11) Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has elected to purchase insurance coverage through the commercial insurance market to cover its exposure to loss. The District is insured up to policy limits for each of the above risks. There were no significant changes in coverage, retentions, or limits during the year ended September 30, 2020. Settled claims have not exceeded the commercial coverage in any of the previous three fiscal years.

(12) Intergovernmental Agreements

On March 14, 1994, the District entered into an agreement with Waterworks District No. 2, also a component unit of the Parish of St. Mary, to provide the Waterworks District with an office located in the Bayou Vista Community Center.

RECREATION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Bayou Vista, Louisiana

Notes to Financial Statements (continued)

(13) New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued the following pronouncement:

GASB Statement No. 87, *Leases* (June 2017), as amended by GASB. No. 95

The Statement increased the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the fundamental principle that leases are financings of the right to use an underlying asset. The provisions of GASB Statement No. 87 are effective for fiscal years beginning after December 15, 2021. The effect of implementation on the District's financial statements has not yet been determined.

REQUIRED SUPPLEMENTARY INFORMATION

RECREATION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Bayou Vista, Louisiana

Budgetary Comparison Schedule
General Fund
Year Ended September 30, 2020

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variance - Favorable (Unfavorable)
	Original	Final		
Revenues:				
Grant - Parish Council	\$ 100,000	\$ 100,000	\$ 100,000	\$ -
Ad valorem taxes	475,000	622,469	606,007	(16,462)
Fees and charges for services	70,000	27,793	28,760	967
Interest income	350	420	459	39
Other Income	-	2,636	8,282	5,646
Total revenues	<u>645,350</u>	<u>753,318</u>	<u>743,508</u>	<u>(9,810)</u>
Expenditures:				
Current -				
Ad valorem tax deductions	-	-	-	-
General government	247,740	150,366	165,112	(14,746)
Repairs and maintenance	72,000	72,632	60,479	12,153
Professional fees	20,000	29,785	29,785	-
Utilities	55,000	35,350	35,657	(307)
Capital outlay	-	-	20,879	(20,879)
Total expenditures	<u>394,740</u>	<u>288,133</u>	<u>311,912</u>	<u>(23,779)</u>
Excess (deficiency) of revenue over expenditures	250,610	465,185	431,596	(33,589)
Other financing sources (uses):				
Transfers out	<u>(250,000)</u>	<u>(289,879)</u>	<u>(289,879)</u>	<u>-</u>
Net change in fund balance	610	175,306	141,717	(33,589)
Fund balance, beginning	<u>244,365</u>	<u>244,365</u>	<u>244,365</u>	<u>-</u>
Fund balance, ending	<u>\$ 244,975</u>	<u>\$ 419,671</u>	<u>\$ 386,082</u>	<u>\$ (33,589)</u>

See accompanying notes to budgetary comparison schedule.

RECREATION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Bayou Vista, Louisiana

Note to Budgetary Comparison Schedule

(1) Budgetary Practices

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Office Administrator prepares a proposed budget for the general fund and submits to the board for the fiscal year no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published, and the public notified that the proposed budget is available for public inspection.
3. A public hearing is held on the proposed budget after publication of the call for the hearing.
4. The District approves and adopts total budget revenue and expenditures only.
5. All budgetary appropriations lapse at the end of each fiscal year.

Neither encumbrance accounting nor formal integration of the budget into the accounting records is employed as a management control device. However, periodic comparisons of budget and actual amounts are made.

(2) Expenditure in Excess of Appropriations

Actual expenditures exceed budgeted appropriations in the General Fund by \$45,201.

(3) Non-GAAP Reporting Reconciliation

Budgetary amounts related to ad valorem taxes and deductions from ad valorem taxes are adopted by the District on the cash basis.

Actual amounts are reconciled on a non-GAAP basis for comparison to budget as follows:

RECREATION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Bayou Vista, Louisiana

Note to Budgetary Comparison Schedule (continued)

	As Reported	Adjustment to Budgetary Basis	Non-GAAP Basis
Revenues:			
Grant - Parish Council	\$ 100,000	\$ -	\$ 100,000
Ad valorem taxes	627,429	(21,422)	606,007
Fees and charges for services	28,760	-	28,760
Interest income	459	-	459
Other income	8,282	-	8,282
Total revenues	<u>\$ 764,930</u>	<u>\$ (21,422)</u>	<u>\$ 743,508</u>
Expenditures:			
Current -			
Ad valorem tax deductions	21,422	\$ (21,422)	\$ -
General government	165,112	-	165,112
Repairs and maintenance	60,479	-	60,479
Professional fees	29,785	-	29,785
Utilities	35,657	-	35,657
Capital outlay	20,879	-	20,879
Total expenditures	<u>\$ 333,334</u>	<u>\$ (21,422)</u>	<u>\$ 311,912</u>

OTHER SUPPLEMENTARY INFORMATION

RECREATION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Bayou Vista, Louisiana

Schedule of Ad Valorem Taxes Collected
Year Ended September 30, 2020

<u>Year Ended September 30,</u>	<u>Millage</u>	<u>Taxes Collected</u>	<u>Amount Collected Per Millage</u>
2003	9.5	\$ 239,274	\$ 25,187
2004	9.5	240,568	25,323
2005	9.36	264,294	28,237
2006	9.36	245,908	26,272
2007	9.36	309,526	33,069
2008	9.36	404,687	43,236
2009	9.36	483,137	51,617
2010	9.36	554,352	59,226
2011	9.36	621,137	66,361
2012	9.36	820,602	87,671
2013	8.78	871,760	99,289
2014	8.78	748,487	85,249
2015	9	797,588	88,621
2016	9	809,400	89,933
2017	8.78	803,195	91,480
2018	8.78	582,503	66,344
2019	8.78	648,465	73,857
2020	9	757,638	84,182

INTERNAL CONTROL, COMPLIANCE AND OTHER MATTERS

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA*
Brad E. Kolder, CPA, JD*
Gerald A. Thibodeaux, Jr., CPA*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*
Stephen J. Anderson, CPA*
Christine C. Doucet, CPA
Wanda F. Arcement, CPA, CVA
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Victor R. Slaven, CPA* - retired 2020

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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*

Members of the Board of Commissioners
Recreation District No. 3 of the Parish of St. Mary
Bayou Vista, 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. 3 of the Parish of St. Mary (hereinafter "District"), a component unit of the Parish of St. Mary, as of and for the year ended September 30, 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 March 30, 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) as a basis for designing audit procedures that are appropriate in the circumstance for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District'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. However, we identified deficiencies in internal control that we consider to be material weaknesses, and which are described in the accompanying schedule of audit results and findings as items 2020-001 and 2020-002. We also identified a deficiency in internal control that we consider to be a significant deficiency, which is described in the accompanying schedule of audit results and findings as item 2020-003.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of audit results and findings as item 2020-004.

District's Response to Findings

The District's responses to the findings identified in our audit are included in the accompanying corrective action plan for current year findings. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report may be limited under the provisions of Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document in accordance with Louisiana Revised Statute 44:6.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
March 30, 2021

RECREATION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Bayou Vista, Louisiana

Schedule of Audit Results and Findings
Year Ended September 30, 2020

Part I. Summary of Auditor's Results:

Financial Statements

1. Type of auditor's report issued on financial statements:

Opinion Unit	Type of Opinion
Governmental activities	Unmodified
Major funds:	
General	Unmodified
Capital Project	Unmodified
Debt Service	Unmodified

2. Internal control over financial reporting:

Material weakness(es) identified?	<u> ✓ </u> yes	<u> </u> no	
Significant deficiency(ies) identified?	<u> ✓ </u> yes	<u> </u> none reported	

3. Noncompliance material to the financial statements?

	<u> ✓ </u> yes	<u> </u> no	
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Other

4. Management letter issued?

	<u> </u> yes	<u> ✓ </u> no	
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RECREATION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Bayou Vista, Louisiana

Schedule of Audit Results and Findings (continued)
Year Ended September 30, 2020

Part II. Findings reported in accordance with *Government Auditing Standard*:

A. Internal Control –

2020-001 – Inadequate Segregation of Duties

Year Initially Occurring: Unknown

CONDITION: Accounting and financial functions are not adequately segregated.

CRITERIA: Internal control is a process – effected by those charged with governance, management, and other personnel – designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The District’s internal control over financial reporting includes those policies and procedures that pertain to the District’s ability to record, process, summarize, and report financial data consistent with the assertions embodied in financial statements.

CAUSE: The cause of the conditions is the result of a failure to design and implement policies and procedures necessary to achieve adequate internal control.

EFFECT: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

RECOMMENDATION: Due to the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

RECREATION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Bayou Vista, Louisiana

Schedule of Audit Results and Findings (continued)
Year Ended September 30, 2020

2020-002 – Financial Reporting

Year Initially Occurring: Unknown

CONDITION: Management and staff lack the expertise and/or experience in the selection and application of generally accepted accounting principles, as applicable to governmental entities, in the financial statement preparation process.

CRITERIA: The District's internal control over financial reporting includes those policies and procedures that pertain to its ability to record, process, summarize, and report financial data consistent with the assertions embodied in the financial statements, including the ability of its management and staff to detect potential misstatements that may exist in the financial statements and related disclosures.

CAUSE: The condition results from a reliance on the auditor as part of the internal control process.

EFFECT: Financial statements and related notes may reflect a material departure from generally accepted accounting principles.

RECOMMENDATION: The additional costs required to achieve the desired benefit may not be economically feasible.

2020-003 – Monitoring Revenue

Year Initially Occurring: Year ended September 30, 2018

CONDITION: The District did not appropriately monitor revenue by failing to complete and/or retain contracts for facility rentals and letting rental contracts which deviate from Board established rates.

CRITERIA: The District's internal control over financial reporting includes those policies and procedures that pertain to its ability to record, process, summarize, and report financial data consistent with the assertions embodied in the financial statements, including the ability of its management and staff to detect potential misstatements that may exist in the financial statements and related disclosures.

CAUSE: The District did not utilize established procedures to reconcile rental contracts to revenue collections, general ledger activity and bookings.

EFFECT: Revenues reported on financial statements may be understated.

RECOMMENDATION: The District should implement policies and procedures to ensure that all facility rental events execute contracts, contracts are let at Board approved rates and canceled events are appropriately monitored.

RECREATION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Bayou Vista, Louisiana

Schedule of Audit Results and Findings (continued)
Year Ended September 30, 2020

B. Compliance –

2020-004– Facility Usage

Year Initially Occurring: Year ended September 30, 2019

CONDITION: The District may have allowed the use of its facilities without an equal exchange of value.

CRITERIA: Article 7 Section 14 (A) of the Louisiana Constitution states, in part, ‘...funds, credit, property, or things of value of the state or of any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private.’

CAUSE: The condition results from a failure to obtain fair value on the use of its facilities.

EFFECT: The District may not be in compliance with certain provisions of Article 7 Section 14 (A) of the Louisiana Constitution.

RECOMMENDATION: We recommend that the District seek legal guidance on the application of its facility rental policies and amend policies and procedures to ensure compliance with constitutional provisions.

Part III. Findings and questioned costs reported in accordance with the Uniform Guidance:

The requirements of the Uniform Guidance are not applicable.

RECREATION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Bayou Vista, Louisiana

Summary Schedule of Prior Audit Findings
Year Ended September 30, 2020

A. Internal Control Findings-

2019-001 – Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

RECOMMENDATION: Due to the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

CURRENT STATUS: See schedule of audit results and findings, item 2020-001.

2019-002 – Financial Reporting

CONDITION: Management and staff lack the expertise and/or experience in the selection and application of generally accepted accounting principles, as applicable to governmental entities, in the financial statement preparation process.

RECOMMENDATION: The additional costs required to achieve the desired benefit may not be economically feasible.

CURRENT STATUS: See schedule of audit results and findings, item 2020-002.

2019-003 – Monitoring Revenue

CONDITION: The District did not appropriately monitor revenue by failing to complete and/or retain contracts for facility rentals, letting rental contracts which deviate from Board established rates, and appearing to host events and compensate personnel for contracts identified as canceled.

RECOMMENDATION: The District should implement policies and procedures to ensure that all facility rental events execute contracts, contracts are let at Board approved rates and canceled events are appropriately monitored.

CURRENT STATUS: See schedule of audit results and findings, item 2020-003.

RECREATION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Bayou Vista, Louisiana

Summary Schedule of Prior Audit Findings (continued)
Year Ended September 30, 2020

B. Compliance Findings-

2019-004 – Facility Usage

CONDITION: The District may have allowed the use of its facilities without an equal exchange of value.

RECOMMENDATION: We recommend that the District seek legal guidance on the application of its facility rental policies and amend policies and procedures to ensure compliance with constitutional provisions.

CURRENT STATUS: See schedule of audit results and findings, item 2020-004.

2019-005 – Local Government Budget Act

CONDITION: The District incurred budget variances in excess of 5% in the General Fund.

RECOMMENDATION: We recommend that the District implement policies and procedures to comply with the Local Government Budget Act.

CURRENT STATUS: The finding did not reoccur.

C. OMB Uniform Guidance –

No findings were reported under this section.

D. Management Letter –

Not issued in prior period.

CORRECTIVE ACTION PLAN FOR CURRENT AUDIT FINDINGS

Appendix A

March 29, 2021

Mr. Daryl Purpera, CPA, CFE Legislative
Auditor, State of Louisiana
P.O. Box 94397
Baton Rouge , La. 70804-9397

Dear Mr. Purpera,

The St. Mary Parish Recreation District 3 respectfully submits the following corrective action plan for our year ended September 30, 2019:

Person Responsible: John P. Trevino, Sr., President
St. Mary Parish Recreation District 3

Time for completion: September, 2020

Item 2020 - 001 Segregation of Duties

Finding:

Our auditors noted that there is little segregation of duties as accounting and financial functions are not adequately segregated.

Corrective Action:

We will constantly monitor the activity of the employees in an effort to minimize any errors or omissions. It is not economically feasible to hire additional employees at this time.

Item 2020 - 002 Financial Reporting

Finding:

Our auditors noted that our management and staff lack the expertise in the selection and application of GAAP in the financial statement preparation process.

Corrective Action:

We will continue to rely on the auditor to assist in application of GAAP since to cost to hire an experienced accountant is not economically feasible at this time.

Item 2020 - 003 Monitoring Revenue

Finding:

Our auditors noted that our District did not appropriately monitor revenue by failing to complete and/or retain contracts for facility rentals and letting rental contracts which deviate from Board established rates.

Corrective Action:

We will a monthly reconciliation of the facility event calendar, contracts created (dates and rental amounts), and payments received in order to monitor events held and rates charged.

Item 2020 - 004 Facility Usage Monitoring Revenue

Finding:

Our auditors noted that the District may have allowed the use of its facilities without an equal exchange of value.

Corrective Action:

The District will seek legal guidance to implement policies and procedures to document conditions where an equal exchange of value is received for use of the facilities other than monetarily.

If you have questions concerning this corrective action plan, please contact me.

Sincerely,



Javon Charles, President
St Mary Parish - Recreation District 3