

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

Bayou Vista, Louisiana

Year Ended September 30, 2021

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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, each major fund, and the aggregate remaining fund information 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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, each major fund, and the aggregate remaining fund information of the District, as of September 30, 2021, 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.

### ***Emphasis of Matter***

As described in Note 15, the prior financial statements have been restated to correct an error. Our opinion is not modified with respect to this matter.

### ***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 29-31 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 33 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 31, 2022, 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 31, 2022

## **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, 2021

	<u>Governmental Activities</u>
ASSETS	
Cash and interest-bearing deposits	\$ 883,797
Due from other governments	23,212
Prepaid expenses	13,525
Capital assets:	
Land	268,607
Other, net of accumulated depreciation	3,725,825
Deposits	<u>375</u>
 TOTAL ASSETS	 <u>4,915,341</u>
LIABILITIES	
Accounts, salaries, and other payables	6,727
Long term liabilities:	
Due within one year	251,000
Due in more than one year	<u>403,000</u>
 TOTAL LIABILITIES	 <u>660,727</u>
NET POSITION	
Net investment in capital assets	3,340,432
Restricted for -	
Capital projects	2,333
Debt service	239,360
Unrestricted	<u>672,489</u>
 TOTAL NET POSITION	 <u>\$ 4,254,614</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 Activities  
Year Ended September 30, 2021

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	\$ 605,225	\$ 46,845	\$ 100,000	\$ (458,380)
Interest on debt	24,112	-	-	(24,112)
Total governmental activities	\$ 629,337	\$ 46,845	\$ 100,000	(482,492)
General revenues:				
Taxes:				
Property taxes, levied for maintenance and debt service				742,612
Interest and investment earnings				465
Other income				3,170
Total general revenues				746,247
Change in net position				263,755
Net position - October 1, 2020, as restated				3,990,859
Net position - September 30, 2021				\$ 4,254,614

*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.

### **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, 2021

	General	Debt Service	Other Governmental	Total
<b>ASSETS</b>				
Assets:				
Cash and interest-bearing deposits	\$ 642,104	\$ 239,360	\$ 2,333	\$ 883,797
Due from other governments	15,475	7,737	-	23,212
Prepaid expenditures	13,525	-	-	13,525
Deposits	375	-	-	375
Total assets	\$ 671,479	\$ 247,097	\$ 2,333	\$ 920,909
<b>LIABILITIES</b>				
Liabilities:				
Accrued liabilities	\$ 5,060	\$ -	\$ -	\$ 5,060
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable tax revenues	15,475	7,737	-	23,212
<b>FUND BALANCES</b>				
Fund balances:				
Nonspendable	13,525	-	-	13,525
Restricted	-	239,360	2,333	241,693
Unassigned	637,419	-	-	637,419
Total fund balance	650,944	239,360	2,333	892,637
Total liabilities, deferred inflows of resources, and fund balances	\$ 671,479	\$ 247,097	\$ 2,333	\$ 920,909

(continued)

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

Balance Sheet (continued)  
Governmental Funds  
September 30, 2021

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

Total fund balances for governmental funds at September 30, 2021	\$ 892,637
Total net position reported for governmental activities in the statement of net position is different because:	
Capital assets, net of accumulated depreciation	3,994,432
Receivables not available to pay current-period expenditures	23,212
Bonds payable	(654,000)
Accrued interest payable	<u>(1,667)</u>
Net position at September 30, 2021	<u>\$ 4,254,614</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, 2021

	General	Debt Service	Other Governmental	Total
<b>Revenues:</b>				
Local sources-				
Intergovernmental	\$ 100,000	\$ -	\$ -	\$ 100,000
Ad valorem taxes	480,316	239,084	-	719,400
Fee and charges for services	46,845	-	-	46,845
Investment earnings	441	22	2	465
Other income	3,170	-	-	3,170
Total revenues	<u>630,772</u>	<u>239,106</u>	<u>2</u>	<u>869,880</u>
<b>Expenditures:</b>				
Current -				
Ad valorem tax deductions	16,136	8,515	-	24,651
General government	165,633	-	-	165,633
Repairs and maintenance	47,003	-	-	47,003
Professional fees	18,290	-	-	18,290
Utilities	31,495	-	-	31,495
Capital outlay	36,537	-	-	36,537
Debt service -				
Interest and fees	-	24,743	-	24,743
Principal	-	247,000	-	247,000
Total expenditures	<u>315,094</u>	<u>280,258</u>	<u>-</u>	<u>595,352</u>
Excess/(Deficiency) of revenues over expenditures	<u>315,678</u>	<u>(41,152)</u>	<u>2</u>	<u>274,528</u>
<b>Other financing sources (uses):</b>				
Transfers in	202,368	261,345	-	463,713
Transfers out	<u>(261,345)</u>	<u>(202,368)</u>	<u>-</u>	<u>(463,713)</u>
Total other financing sources (uses)	<u>(58,977)</u>	<u>58,977</u>	<u>-</u>	<u>-</u>
Net change in fund balances	256,701	17,825	2	274,528
Fund balances, beginning, as restated	<u>394,243</u>	<u>221,535</u>	<u>2,331</u>	<u>618,109</u>
Fund balances, ending	<u>\$ 650,944</u>	<u>\$ 239,360</u>	<u>\$ 2,333</u>	<u>\$ 892,637</u>

(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, 2021

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, 2021 per Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 274,528
Principal payments	247,000
Change in accrued interest	631
Change in compensated absences	1,333
Capital outlay	36,537
Depreciation expense	(319,433)
Net effect of various miscellaneous capital assets transactions (i.e., sales, trade-ins, and donations).	(53)
Revenues in the statement of activities that do not provide current financial resources.	<u>23,212</u>
Total changes in net position for the year ended September 30, 2021 per Statement of Activities	<u>\$ 263,755</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

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 and debt service fund of the District are considered to be major funds and are described as follows:

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.

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
Intangibles	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. Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The District reports deferred inflows arising from unavailable revenues. Unavailable revenue occurs under a modified accrual basis of accounting and is reported only in the governmental funds balance sheet.

K. 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.

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

Notes to Financial Statements (continued)

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.
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.

L. 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, 2021.

(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, 2021, the District has cash and interest-bearing deposits (book balances) totaling \$883,797 as follows:

	Governmental Activities
Cash and interest-bearing deposits	\$ 644,437
Money market accounts	239,360
Total	\$ 883,797

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, 2021 totaling \$865,458 are secured as follows:

Federal Deposit Insurance	\$ 751,952
Pledged Securities	<u>113,506</u>
Total insured and secured	<u>\$ 865,458</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, 2021, deposits in the amount of \$113,506 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, 2021, taxes of 9.00 mills were levied on property with assessed valuations totaling \$83,507,441 and were dedicated as follows:

Maintenance and operations	6.00
Debt service	3.00

Total taxes collected were \$719,400.

(4) Due from Other Governments

Amounts due from other governments at September 30, 2021 consisted of the following:

Governmental Activities:	
St. Mary Parish Sheriff - ad valorem taxes	<u>\$ 23,212</u>

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

Notes to Financial Statements (continued)

(5) Capital Assets

Capital asset activity for the year ended September 30, 2021 was as follows:

	Balance 10/01/20	Additions	Deletions	Balance 09/30/21
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 268,607	\$ -	\$ -	\$ 268,607
Capital assets, being depreciated:				
Buildings	2,646,638	26,203	-	2,672,841
Recreational facilities and playground equipment	3,793,108	-	-	3,793,108
Ball parks	473,810	1,016	-	474,826
Equipment	492,343	3,818	(889)	495,272
Furniture	25,661	-	-	25,661
Intangibles	-	5,500	-	5,500
Total	7,700,167	36,537	(889)	7,735,815
Less: accumulated depreciation				
Buildings	1,408,020	96,558	-	1,504,578
Recreational facilities and playground equipment	1,220,314	186,593	-	1,406,907
Ball parks	386,527	13,489	-	400,016
Equipment	385,849	22,066	(836)	407,079
Furniture	22,076	635	-	22,711
Intangibles	-	92	-	92
Total	3,422,786	319,433	(836)	3,741,383
Net capital assets	\$ 4,277,381	\$ (282,896)	\$ (53)	\$ 3,994,432

Depreciation expense in the amount of \$319,433 was charged to general government.

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

Notes to Financial Statements (continued)

(6) Accounts, Salaries, and Other Payables

The accounts, salaries, and other payables consisted of the following at September 30, 2021:

Governmental Activities:	
Salaries, benefits, and taxes payable	\$ 5,060
Accrued interest payable	<u>1,667</u>
Total	<u>\$ 6,727</u>

(7) Long Term Liabilities

Bonds payable at September 30, 2021 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, 2021, 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:					
Direct placements:					
General obligation debt -					
Series 2005	\$ 5,000	\$ -	\$ (1,000)	\$ 4,000	\$ 1,000
Series 2010	210,000	-	(70,000)	140,000	70,000
Refunding, Series 2018	131,000	-	(41,000)	90,000	45,000
Limited tax bonds -					
Refunding, Series 2018	555,000	-	(135,000)	420,000	135,000
Compensated absences	1,333	-	(1,333)	-	-
	<u>\$ 902,333</u>	<u>\$ -</u>	<u>\$ (248,333)</u>	<u>\$ 654,000</u>	<u>\$ 251,000</u>

The general obligation debt is secured by a pledge and dedication of a debt service bond millage and is being liquidated through the District's debt service fund. The limited tax bond is also serviced through the debt service fund but is funded by transfers from the District's general fund.

The following is a schedule of debt requirements at September 30, 2021:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 251,000	\$ 16,786	\$ 267,786
2023	256,000	8,690	264,690
2024	146,000	2,321	148,321
2025	1,000	20	1,020
	<u>\$ 654,000</u>	<u>\$ 27,817</u>	<u>\$ 681,817</u>

(8) Retirement System

Qualifying employees may participate in 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, 2021.

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

Notes to Financial Statements (continued)

(9) 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 balances are presented as follows:

	<u>General</u>	<u>Debt Service</u>	<u>Other Governmental</u>	<u>Totals</u>
Fund balances:				
Nonspendable -				
Prepaid items	\$ 13,525	\$ -	\$ -	\$ 13,525
Restricted for -				
Capital projects	-	-	2,333	2,333
Debt retirement	-	239,360	-	239,360
Total fund balances - reserved	-	239,360	2,333	241,693
Unassigned	637,419	-	-	637,419
Total fund balances	<u>\$ 650,944</u>	<u>\$ 239,360</u>	<u>\$ 2,333</u>	<u>\$ 892,637</u>

(10) 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)

(11) Compensation Paid to Board Members

The schedule of compensation paid to the board of Commissioners for the period ended September 30, 2021 in compliance with Louisiana Revised Statute 33:4572(B):

	<u>Per Diem Received</u>
Bayleigh Barbier	\$ 70
Lane Boudreaux	80
Javon Charles	80
Jeffrey Fitter	90
Brian Head	10
Calvin Johnson	100
Steven Kelly	50
Paul Tholen	100
John Trevino	<u>40</u>
Total	<u>\$ 620</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, 2021 the District's chief officer was John Trevino from October 2020 through January 2021 and Javon Charles from February 2021 through September 30, 2021. During the fiscal period, John Trevino and Javon Charles received \$40 and \$80, respectively, in per diem payments.

(12) 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, 2021. Settled claims have not exceeded the commercial coverage in any of the previous three fiscal years.

(13) 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)

(14) Tax Abatements

The District is subject to certain property tax abatements granted by the Louisiana Board of Commerce and Industry ("LBCI"), a state entity governed by board members representing major economic groups and gubernatorial appointees. Abatements to which the District may be subject include those issued for property taxes under the Industrial Tax Exemption Program ("ITEP") and the Restoration Tax Abatement Program ("RTAP"). In addition, local governments have the authority to grant sales tax rebates to taxpayers pursuant to the Enterprise Zone Tax Rebate Program. For the year ended September 30, 2021, the District incurred abatements of ad valorem taxes through ITEP.

ITEP is authorized by Article 7, Section 21(F) of the Louisiana Constitution. Companies qualifying as manufacturers can apply to the LBCI for a property tax exemption on all new property, as defined, used in the manufacturing process. Under ITEP, companies are required to promise to expand or build manufacturing facilities in Louisiana, with a minimum investment of \$5 million. The exemptions are granted for a 5-year term and are renewable for an additional 5-year term upon approval by LBCI. These state-granted abatements have resulted in reductions of property taxes, which the taxing district administers as a temporary reduction in the assessed value of the property involved. The abatement agreements stipulate a percentage reduction of property taxes, which can be as much as 100 percent. The local government may recapture abated taxes if a company fails to expand facilities or otherwise fail to fulfill its commitments under the agreement. For the year ended September 30, 2021, \$55,229 of the District's ad valorem tax revenues were abated by the State of Louisiana through ITEP.

(15) Prior Period Adjustment

During the year ended September 30, 2021, the District made adjustments to correct an error in accounting which occurred in a prior period. The nature of this accounting error was related to liability accruals. The table below illustrates the effects of the matter on balances previously reported.

	<u>As Previously Reported</u>	<u>Correction of Accounting Error</u>	<u>As Restated</u>
Government-wide financial statements			
Governmental activities	\$ 3,982,698	\$ 8,161	\$ 3,990,859
Fund financial statements			
General fund	\$ 386,082	\$ 8,161	\$ 394,243

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

Notes to Financial Statements (continued)

(16) New Accounting Pronouncements

Following is a summary of accounting standards adopted by the Governmental Accounting Standards Board (GASB) which are scheduled to be implemented in the future and may affect the District's financial report:

GASB Statement 87, *Leases*. This standard will require all leases to be reported on the statement of net position under a single accounting model for both lessors and lessees. The statement will require the recognition of lease assets or liabilities for leases previously reported as operating leases. Both operating and capital leases will be reported under this single accounting method and reported by lessees as in intangible right to use asset and by lessors as a receivable with both reporting a deferred inflow of resources. The standard is effective for annual reporting periods beginning after December 15, 2019. GASBS No. 95 postponed this statement by 18 months.

GASB Statement 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. Interest cost incurred before the end of a construction period for financial statements prepared using the current financial resources measurement focus should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The standard is effective for annual reporting periods beginning after December 15, 2019. GASBS No. 95 postponed this statement by one year.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The provisions of GASB Statement No. 96 are effective for fiscal years beginning after June 15, 2022.

The effects of implementation of GASBS Nos. 87, 89, and 96 and their applicability on the District's financial statements have 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, 2021

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variance - Favorable (Unfavorable)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 99,600	\$ 108,300	\$ 100,000	\$ (8,300)
Ad valorem taxes	475,000	464,057	464,180	123
Fees and charges for services	15,500	46,845	46,845	-
Investment earnings	-	-	441	441
Other Income	300	3,186	3,170	(16)
Total revenues	<u>590,400</u>	<u>622,388</u>	<u>614,636</u>	<u>(7,752)</u>
<b>Expenditures:</b>				
Current -				
General government	157,040	170,128	165,633	4,495
Repairs and maintenance	94,860	49,156	47,003	2,153
Professional fees	28,000	18,290	18,290	-
Utilities	38,500	31,496	31,495	1
Capital outlay	-	31,037	36,537	(5,500)
Total expenditures	<u>318,400</u>	<u>300,107</u>	<u>298,958</u>	<u>1,149</u>
Excess (deficiency) of revenue over expenditures	<u>272,000</u>	<u>322,281</u>	<u>315,678</u>	<u>(6,603)</u>
<b>Other financing sources (uses):</b>				
Transfers in	-	-	202,368	202,368
Transfers out	(272,000)	(261,346)	(261,345)	1
Total other financing sources (uses)	<u>(272,000)</u>	<u>(261,346)</u>	<u>(58,977)</u>	<u>202,369</u>
Net change in fund balance	-	60,935	256,701	195,766
Fund balance, beginning, as restated	<u>427,832</u>	<u>427,832</u>	<u>394,243</u>	<u>33,589</u>
Fund balance, ending	<u>\$ 427,832</u>	<u>\$ 488,767</u>	<u>\$ 650,944</u>	<u>\$ 229,355</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 appropriates 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) 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
<b>Revenues:</b>			
Intergovernmental	\$ 100,000	\$ -	\$ 100,000
Ad valorem taxes	480,316	(16,136)	464,180
Fees and charges for services	46,845	-	46,845
Investment earnings	441	-	441
Other income	3,170	-	3,170
Total revenues	\$ 630,772	\$ (16,136)	\$ 614,636
<b>Expenditures:</b>			
Current -			
Ad valorem tax deductions	16,136	\$ (16,136)	\$ -
General government	165,633	-	165,633
Repairs and maintenance	47,003	-	47,003
Professional fees	18,290	-	18,290
Utilities	31,495	-	31,495
Capital outlay	36,537	-	36,537
Total expenditures	\$ 315,094	\$ (16,136)	\$ 298,958

**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, 2021

<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
2021	9	\$ 719,400	\$ 79,933

**INTERNAL CONTROL, COMPLIANCE AND OTHER MATTERS**

# KOLDER, SLAVEN & COMPANY, LLC

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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*

To 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, each major fund, and the aggregate remaining fund information 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, 2021, 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 31, 2022.

### 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 circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or 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 2021-001 and 2021-002.

## **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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **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 31, 2022

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

Schedule of Audit Results and Findings  
Year Ended September 30, 2021

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
Debt service	Unmodified
Aggregate remaining fund information	Unmodified

2. Internal control over financial reporting:

Material weakness(es) identified?	✓	yes	_____	no
Significant deficiency(ies) identified?	_____	yes	_____	✓ none reported

3. Noncompliance material to the financial statements?

_____	yes	_____	✓	no
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Other

4. Management letter issued?

_____	✓	yes	_____	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, 2021

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

A. Internal Control –

2021-001 – 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 condition 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, 2021

2021-002 – Financial Reporting (Application of Generally Accepted Accounting Principles)

Year Initially Occurring: Unknown

**CONDITION:** The District lacks adequate staff and the expertise to prepare financial statements in accordance with U.S. generally accepted accounting principles (GAAP), as applicable to governmental entities.

**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 and to apply GAAP in the preparation of those financial statements and related disclosures.

**CAUSE:** The condition results from the relatively small size of the District and the increased costs of hiring personnel to prepare GAAP-based financial statements.

**EFFECT:** GAAP-based financial statements, as applicable to governmental entities, are not prepared by the Commission.

**RECOMMENDATION:** Management should evaluate the additional costs required to achieve the desired benefit and determine if it is economically feasible in relation to the benefit received.

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

Schedule of Audit Results and Findings (continued)  
Year Ended September 30, 2021

B. Compliance –

No matters are reported.

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, 2021

A. Internal Control Findings-

2020-001 – 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 2021-001.

2020-002 – Financial Reporting

CONDITION: The District lacks adequate staff and the expertise to prepare financial statements in accordance with U.S. generally accepted accounting principles (GAAP), as applicable to governmental entities.

RECOMMENDATION: Management should evaluate the additional costs required to achieve the desired benefit and determine if it is economically feasible in relation to the benefit received.

CURRENT STATUS: See schedule of audit results and findings, item 2021-002.

2020-003 – 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.

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: The condition did not reoccur.

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

Summary Schedule of Prior Audit Findings (continued)  
Year Ended September 30, 2021

B. Compliance Findings-

2020-004 – 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: The condition did not reoccur.

C. OMB Uniform Guidance –

No findings were reported under this section.

D. Management Letter –

Not issued in prior period.

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

Corrective Action Plan for Current Audit Findings  
Year Ended September 30, 2021

2021-001 - Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

MANAGEMENT'S RESPONSE: Due to the size of the operation and the cost-benefit of additional personnel, we were advised that a response to this issue is not required.

2021-002 - Financial Reporting (Application of Generally Accepted Accounting Principles)

CONDITION: The District lacks adequate staff and the expertise to prepare financial statements in accordance with U.S. generally accepted accounting principles (GAAP), as applicable to governmental entities.

MANAGEMENT'S RESPONSE: The Board of Commissioners continues to evaluate the cost-benefit of outsourcing the preparation of the District's financial statements to its independent auditors rather than incur the costs to employ someone to prepare GAAP-based financial statements and have determined that it would be more cost effective to outsource the preparation of the financial statements. We will review the financial statements and related notes prior to accepting responsibility for their presentation and content.

# KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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## MANAGEMENT LETTER

Mr. Brian Head, Board of Commissioner President  
Recreation District no. 3 of the Parish of St. Mary  
Bayou Vista, Louisiana

In planning and performing our audit of the financial statements of Recreation District No. 3 of the Parish of St. Mary (hereinafter "District"), in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the District's internal control or on its compliance with provisions of laws, regulations, contracts, and grant agreements and other matters. Accordingly, we do not express an opinion on the effectiveness of the District's internal control or on compliance.

During our audit we became aware of a matter involving internal control or compliance that is summarized below for your consideration. Communication of the matter presents an opportunity for strengthening the District's internal control or improving its compliance with laws, regulations, contracts, or grant agreements or other matters. Our opinions dated March 31, 2022 on the District's financial statements are not affected by this matter. Our comment is not intended to reflect upon the ability or integrity of the District's personnel.

### 2021-ML-1 Debt Service Millage

The District may have over assessed its 2020 debt service millage.

We recommend the District consult with its bond counsel to determine the legal remedies for any over assessment. We also recommend the District consult with the St. Mary Parish Assessor in assessing future debt service millages.

Our audit procedures are designed primarily to enable us to form an opinion on the financial statements, and therefore may not identify all weaknesses in policies and procedures or incidents of noncompliance that may exist. We aim, however, to use our knowledge of the District's operations gained during our work to make comments and suggestions that we hope will be useful to you.

We will review the status of this comment during our next engagement with the District. We have already discussed the comment and suggestion with District personnel, and we will be pleased to discuss them in further detail at your convenience.

Recreation District No. 3 of the Parish of St. Mary  
Management Letter

This communication is intended solely for the information and use of the District's management and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

We would like to express our appreciation to you for the courtesies and assistance rendered to us in the performance of our audit. Should you have any questions or need additional assistance, please feel free to contact us.

Respectfully,

***KOLDER, SLAVEN & COMPANY, LLC***  
Certified Public Accountants  
Morgan City, Louisiana

**RECREATION DISTRICT NO. 3 OF THE  
PARISH OF ST. MARY  
1333 Bellview Street  
Bayou Vista, Louisiana 70380**

March 31, 2022

Kolder, Champagne, Slaven & Company CPAs  
1201 David Drive  
Morgan City, LA 70380

In connection with your audit of the financial statements of Recreation District No. 3 of the Parish of St. Mary as of and for the year ended September 30, 2021, we provide the following response to the issue included in the letter to management:

Debt Service Millage

We have consulted with bond counsel and are reducing our 2022 millage to zero. We will also consult with the St. Mary Parish Assessor, if necessary, when assessing future debt service millages.

We trust the foregoing adequately addresses the issue.

Sincerely,



Brian Head, President  
Board of Commissioners