

**RECREATION DISTRICT NO. 4  
OF THE PARISH OF ST. MARY**  
Patterson, Louisiana

Financial Report

Year Ended September 30, 2022

## TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1-3
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of net position	6
Statement of activities	7
Fund Financial Statements	
Governmental fund:	
Balance sheet	9-10
Statement of revenues, expenditures, and changes in fund balance	11-12
Notes to financial statements	13-22
REQUIRED SUPPLEMENTARY INFORMATION	
General Fund:	
Budgetary comparison schedule	24
Note to budgetary comparison schedule	25
INTERNAL CONTROL, COMPLIANCE, AND OTHER MATTERS	
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 <i>Government Auditing Standards</i>	27-28
Schedule of audit results and findings	29-30
Summary schedule of prior audit findings	31
Corrective action plan for current audit findings	Appendix A

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## INDEPENDENT AUDITOR'S REPORT

Members of the Board of Commissioners  
Recreation District No. 4 of the Parish of St. Mary  
Patterson, Louisiana

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities and the major fund of Recreation District No. 4 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, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the District, as of September 30, 2022, and the respective changes in financial position, thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibility of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplemental Information***

Accounting principles generally accepted in the United States of America require budgetary comparison information to be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 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 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 Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2023 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  
February 6, 2023

## **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

RECREATION DISTRICT NO. 4 OF THE PARISH OF ST. MARY  
Patterson, Louisiana

Statement of Net Position  
September 30, 2022

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and interest-bearing deposits	\$ 18,719
Investments	197,455
Due from others	4,061
Prepaid expenses	30,610
Capital assets:	
Land	22,000
Other, net of accumulated depreciation	<u>1,010,408</u>
Total assets	<u>1,283,253</u>
<b>LIABILITIES</b>	
Accounts payable	18,855
Rental deposits	<u>8,930</u>
Total liabilities	<u>27,785</u>
<b>NET POSITION</b>	
Net investment in capital assets	1,032,408
Unrestricted	<u>223,060</u>
Total net position	<u>\$ 1,255,468</u>

*The accompanying notes to financial statements are an integral part of this statement.*

RECREATION DISTRICT NO. 4 OF THE PARISH OF ST. MARY  
Patterson, Louisiana

Statement of Activities  
Year Ended September 30, 2022

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
Culture and recreation	\$ 343,026	\$ 79,819	\$ 71,400	\$ (191,807)
				General revenues:
				Ad valorem taxes 175
				Miscellaneous <u>2,295</u>
				Total general revenues <u>2,470</u>
				Change in net position (189,337)
				Net position - October 1, 2021 <u>1,444,805</u>
				Net position - September 30, 2022 <u>\$ 1,255,468</u>

*The accompanying notes to financial statements are an integral part of this statement.*

**FUND FINANCIAL STATEMENTS**

RECREATION DISTRICT NO. 4 OF THE PARISH OF ST. MARY  
Patterson, Louisiana

Balance Sheet  
Governmental Funds  
September 30, 2022

	<u>General</u>
ASSETS	
Assets:	
Cash and interest-bearing deposits	\$ 18,719
Investments	197,455
Due from others	4,061
Prepaid expenditures	<u>30,610</u>
 Total assets	 <u>\$ 250,845</u>
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	\$ 18,855
Rental deposits	<u>8,930</u>
Total liabilities	<u>27,785</u>
Fund balance:	
Nonspendable	30,610
Assigned	65,115
Unassigned	<u>127,335</u>
Total fund balance	<u>223,060</u>
 Total liabilities and fund balance	 <u>\$ 250,845</u>

(continued)

RECREATION DISTRICT NO. 4 OF THE PARISH OF ST. MARY  
Patterson, Louisiana

Balance Sheet (continued)  
Governmental Funds  
September 30, 2022

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

Total fund balances for governmental funds at September 30, 2022	\$ 223,060
Cost of capital assets:	
Land	22,000
Other, net of accumulated depreciation	<u>1,010,408</u>
Net position at September 30, 2022	<u>\$ 1,255,468</u>

*The accompanying notes to financial statements are an integral part of this statement.*

RECREATION DISTRICT NO. 4 OF THE PARISH OF ST. MARY  
Patterson, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balance  
Governmental Funds  
Year Ended September 30, 2022

	General
Revenues:	
Ad valorem taxes	\$ 175
Charges for services	102,134
Intergovernmental	71,400
Interest income	1,118
Miscellaneous	779
Recreation leagues	
Admissions	259
Concessions	3,881
Interest income	398
Registration and sponsor fees	14,045
Total revenues	194,189
Expenditures:	
Current -	
Culture and recreation	
Advertising	1,132
General administrative	1,139
Insurance	34,357
Intergovernmental	4,990
Meetings	610
Miscellaneous	297
Personal services	26,272
Professional services	66,906
Recreation leagues	
Concessions	3,521
Insurance	2,277
Sports officials	2,486
Supplies and materials	4,081
Repairs and maintenance	50,904
Supplies and materials	5,544
Utilities	44,615
Total expenditures	249,131
Net change in fund balance	(54,942)
Fund balance, beginning	278,002
Fund balance, ending	\$ 223,060

(continued)

RECREATION DISTRICT NO. 4 OF THE PARISH OF ST. MARY  
Patterson, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balance (continued)  
Governmental Funds  
Year Ended September 30, 2022

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 balance for the year ended September 30, 2022 per Statement of Revenues, Expenditures and Changes in Fund Balances	\$ (54,942)
Depreciation expense	(93,895)
Change in deferred inflows of resources (unavailable revenues)	<u>(40,500)</u>
Total changes in net position for the year ended September 30, 2022 per Statement of Activities	<u>\$ (189,337)</u>

*The accompanying notes to financial statements are an integral part of this statement.*

RECREATION DISTRICT NO. 4 OF THE PARISH OF ST. MARY  
Patterson, Louisiana

Notes to Financial Statements

Recreation District No. 4 of the Parish of St. Mary, State of Louisiana was created by an ordinance of the St. Mary Parish Council on July 27, 1990. The District encompasses Ward Five of the Parish. 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.

(1) Summary of Significant Accounting Policies

The more significant of the District's accounting policies are described below.

A. Reporting Entity

As the governing authority of the parish, for reporting purposes, the St. Mary Parish Government 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 the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended, established criteria for determining which component units should be considered part of the St. Mary Parish Government 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. This criteria includes:

- 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.

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 St. Mary Parish Government, the financial reporting entity. The accompanying financial statements present information only on the fund maintained by the District and do not present information on the parish council, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

RECREATION DISTRICT NO. 4 OF THE PARISH OF ST. MARY  
Patterson, Louisiana

Notes to Financial Statements (continued)

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*, as amended.

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 reflect 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*, as amended.

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 fund of the District is classified as governmental. The emphasis on fund financial statements is on major funds. The District's fund, the General Fund, is major by definition and is described below:

RECREATION DISTRICT NO. 4 OF THE PARISH OF ST. MARY  
Patterson, Louisiana

Notes to Financial Statements (continued)

Governmental Funds –

General Fund – the general fund is the general operating fund of the District. It is used to account for all financial resources and operations of the District.

C. Capital Assets

Capital assets are capitalized at historical cost or estimated 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 \$5,000 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	40 years
Equipment	5-12 years
Improvements	15-20 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 assets.

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. Revenues are considered 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:

Revenues

Ad valorem taxes are recorded in the year taxes are assessed.

Other major revenues that are considered susceptible to accrual include earned grant and other intergovernmental revenues and interest on investments.

Substantially all other revenues are recorded when received.

RECREATION DISTRICT NO. 4 OF THE PARISH OF ST. MARY  
Patterson, Louisiana

Notes to Financial Statements (continued)

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 by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, as amended, investments meeting the criteria specified in the statement are stated at fair value. Investments that do not meet the requirements are stated at cost. These investments include amounts invested in the Louisiana Asset Management Pool (LAMP).

G. Prepaid Items

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

H. 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 may report deferred inflows arising from unavailable revenues. Unavailable revenue occurs under a modified accrual basis of accounting and is reported only in the governmental fund's balance sheet.

I. 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

RECREATION DISTRICT NO. 4 OF THE PARISH OF ST. MARY  
Patterson, Louisiana

Notes to Financial Statements (continued)

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 fund 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 approved by 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.

J. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions. Those estimates affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results may differ from these estimates.

RECREATION DISTRICT NO. 4 OF THE PARISH OF ST. MARY  
Patterson, Louisiana

Notes to Financial Statements (continued)

(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, 2022, the District has cash (book balances) totaling \$18,719 as follows:

Cash on hand	\$ 150
Cash and interest bearing deposits	<u>18,569</u>
Total	<u>\$ 18,719</u>

Under state law, deposits (or the resulting bank balances) must be secured by federal deposit insurance or similar federal security 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 District in a holding or custodial bank that is mutually acceptable to both parties.

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 District will not be able to recover collateral securities that are in the possession of outside parties. The District does not have a policy to monitor or attempt to reduce exposure to custodial credit risk. At September 30, 2022, the District has \$21,616 in deposits (bank balances). These deposits are fully secured from risk by federal deposit insurance and are, therefore, not exposed to custodial credit risk.

(3) Investments

Investments held at September 30, 2022 consist of \$197,455 in the Louisiana Asset Management Pool (LAMP). LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955.

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

LAMP is a 2a7-like investment pool. The following facts are relevant for 2a7-like investments pools:

Credit risk – LAMP is rated AAAM by Standard & Poor's.

Custodial credit risk – LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not with the securities that make up the pool; therefore, no disclosure is required.

RECREATION DISTRICT NO. 4 OF THE PARISH OF ST. MARY  
Patterson, Louisiana

Notes to Financial Statements (continued)

Concentration of credit risk – pooled investments are excluded from the 5 percent disclosure requirement.

Interest rate risk – 2a7-like investment pool are excluded from this disclosure requirement, per paragraph 15 of the GASB 40 statement.

Foreign currency risk – not applicable to 2a7-like pools.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair market value of investments is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

#### Fair Value Measurements

To the extent available, the District's investments are recorded at fair value as of September 30, 2022. GASB Statement No. 72, *Fair Value Measurements and Application*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The District measures and records its investments using fair value guidelines established by GASB 72, which recognizes a three-tiered fair value hierarchy as follows:

- Level 1 – quoted prices for identical investments in active markets
- Level 2 – observable inputs other than quoted market prices
- Level 3 – unobservable inputs

The District's investments in LAMP are measured using observable inputs other than quoted market prices (Level 2 inputs). The investments in LAMP are valued using quoted market prices of the underlying investment of LAMP on a weekly basis and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

RECREATION DISTRICT NO. 4 OF THE PARISH OF ST. MARY  
Patterson, Louisiana

Notes to Financial Statements (continued)

(4) 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's operations and maintenance millage expired December 31, 2019. In December 2020, the voters of the District defeated the District's proposed 10-year tax levy of 2.24 mills. Accordingly, the District was without authority to levy. For the year ended September 30, 2022, taxes of 0.00 mills were levied on property with assessed valuations totaling \$54,249,921. Total prior year taxes collected were \$175. On November 13, 2021, the voters of the District approved the District's proposed 10-year tax levy of 2.24 mills. The millage is expected to generate approximately \$128,000 in revenues for the District.

(5) Capital Assets

Capital asset activity for the year ended September 30, 2022 was as follows:

	<u>Balance</u> <u>10/1/2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>9/30/2022</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 22,000	\$ -	\$ -	\$ 22,000
Capital assets being depreciated:				
Buildings	2,616,869	-	-	2,616,869
Equipment	<u>187,531</u>	<u>-</u>	<u>-</u>	<u>187,531</u>
Total	<u>2,826,400</u>	<u>-</u>	<u>-</u>	<u>2,826,400</u>
Less: accumulated depreciation				
Buildings	1,540,345	86,805	-	1,627,150
Equipment	<u>159,752</u>	<u>7,090</u>	<u>-</u>	<u>166,842</u>
Total	<u>1,700,097</u>	<u>93,895</u>	<u>-</u>	<u>1,793,992</u>
Net capital assets	<u>\$ 1,126,303</u>	<u>\$ (93,895)</u>	<u>\$ -</u>	<u>\$ 1,032,408</u>

Depreciation expense in the amount of \$93,895 was charged to culture and recreation.

RECREATION DISTRICT NO. 4 OF THE PARISH OF ST. MARY  
Patterson, Louisiana

Notes to Financial Statements (continued)

(6) 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 governmental fund. The constraints placed on the fund balance for the District's governmental fund is presented as follows:

	<u>General</u>
Fund balances:	
Nonspendable:	
Prepaid expenditures	\$ 30,610
Assigned:	
Youth baseball/softball	55,726
Biddy basketball	9,389
Total fund balances - assigned	65,115
Unassigned	127,335
Total fund balances	\$ 223,060

(7) Compensation of Board Members

The schedule of compensation paid to the Board of Commissioners for the period ended September 30, 2022 in compliance with Louisiana Revised Statute 33:4564.8:

	<u>Per Diem Received</u>
William Miller	165
Lagenia Bradford	145
Edward Austin	155
Vinnie Byrd	145
Total	\$ 610

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. With the exception of per diem, no other payments which would require disclosure were made to the District's chief officer. For the year ended September 30, 2022, the District's chief officer, William Miller, received \$165 in per diem payments.

(8) Related Party Transactions

The St. Mary Parish Government (Parish) reimburses the District for the operation of the recreation leagues, the operation and maintenance of facilities, the purchase of equipment, and also pays for the District's utilities and labor for the general upkeep of the recreation facilities. For the year ended September 30, 2022, parish reimbursements totaled \$50,000 and are recognized as a component of intergovernmental revenue in the District's fund financial statements

RECREATION DISTRICT NO. 4 OF THE PARISH OF ST. MARY  
Patterson, Louisiana

Notes to Financial Statements (continued)

(9) 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, 2022. Settled claims have not exceeded the commercial coverage in any of the previous three fiscal years.

(10) New Accounting Pronouncements

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (March 2020)

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 effect of implementation on the District's financial statements has not yet been determined.

**REQUIRED SUPPLEMENTARY INFORMATION**

RECREATION DISTRICT NO. 4 OF THE PARISH OF ST. MARY  
Patterson, Louisiana

Budgetary Comparison Schedule  
General Fund  
Year Ended September 30, 2022

	Budget		Actual	Variance -
	Original	Final		Favorable (Unfavorable)
<b>Revenues:</b>				
Ad valorem taxes	\$ -	\$ 157	175	\$ 18
Charges for services	65,000	61,964	102,134	40,170
Intergovernmental	71,400	71,400	71,400	-
Interest income	500	927	1,118	191
Miscellaneous	800	779	779	-
<b>Recreation Leagues</b>				
Admissions	1,000	259	259	-
Concessions	9,000	3,881	3,881	-
Interest Income	10	371	398	27
Registration and sponsor fees	12,000	13,720	14,045	325
Total revenues	<u>159,710</u>	<u>153,458</u>	<u>194,189</u>	<u>40,731</u>
<b>Expenditures:</b>				
<b>Current -</b>				
<b>Culture and recreation</b>				
Advertising	1,500	1,232	1,132	100
General administrative	2,500	2,310	1,139	1,171
Insurance	30,000	36,778	34,357	2,421
Intergovernmental	4,000	2,490	4,990	(2,500)
Meetings	600	870	610	260
Miscellaneous	-	203	297	(94)
Personal services	30,000	33,235	26,272	6,963
Professionals services	40,000	74,363	66,906	7,457
<b>Recreation Leagues</b>				
Concessions	8,000	3,521	3,521	-
Insurance	3,000	2,277	2,277	-
Miscellaneous	4,300	400	-	400
Sports officials	5,000	2,486	2,486	-
Supplies and materials	10,000	4,312	4,081	231
Repairs and maintenance	25,000	55,146	50,904	4,242
Supplies and materials	11,000	4,219	5,544	(1,325)
Utilities	48,000	58,540	44,615	13,925
Capital outlay	-	1,945	-	1,945
Total expenditures	<u>222,900</u>	<u>284,327</u>	<u>249,131</u>	<u>35,196</u>
Net change in fund balance	(63,190)	(130,869)	(54,942)	75,927
Fund balance, beginning	<u>311,311</u>	<u>278,002</u>	<u>278,002</u>	<u>-</u>
Fund balance, ending	<u>\$ 248,121</u>	<u>\$ 147,133</u>	<u>223,060</u>	<u>\$ 75,927</u>

*See independent auditor's report and note to budgetary comparison schedule.*

RECREATION DISTRICT NO. 4 OF THE PARISH OF ST. MARY  
Patterson, Louisiana

Note to Budgetary Comparison Schedule

(1) Budgetary Practices

The District prepares and adopts a budget in accordance with LSA-RS 39:1301 et seq. The budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). Budgeted amounts are as originally adopted or as finally amended by the District.

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

1. The District prepares a proposed budget and submits it to the Board of Commissioners for approval.
2. Budgetary amendments involving the transfer of funds from one department, program, or function to another or involving increases in the expenditures resulting from revenue exceeding amount estimated require the approval of the Board of Commissioners.
3. All budgetary appropriations lapse at the end of each fiscal year.

**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*

Members of the Board of Commissioners  
Recreation District No. 4 of the Parish of St. Mary  
Patterson, 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 the major fund of Recreation District No. 4 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, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 6, 2023.

### Report on 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 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. We identified a deficiency in internal control, described in the accompanying schedule of audit results and findings as item 2022-001, that we consider to be a material weakness.

## **Report on 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*.

### **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. However, under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Morgan City, Louisiana  
February 6, 2023

RECREATION DISTRICT NO. 4 OF THE PARISH OF ST. MARY  
Patterson, Louisiana

Schedule of Audit Results and Findings  
Year Ended September 30, 2022

Part I. Summary of Auditor's Results

*Financial Statements*

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

Opinion Unit	Type of Opinion
Governmental activities	Unmodified
Major fund:	
General	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. 4 OF THE PARISH OF ST. MARY  
Patterson, Louisiana

Schedule of Audit Results and Findings (continued)  
Year Ended September 30, 2022

Part II. Findings required to be reported in accordance with *Government Auditing Standards*:

A. Internal Control Findings –

2022-001 Segregation of Duties

YEAR INITIALLY OCCURRING: September 30, 2012

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.

B. Compliance Findings –

No findings are reported under this section.

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

The requirements of the Uniform Guidance are not applicable.

RECREATION DISTRICT NO. 4 OF THE PARISH OF ST. MARY  
Patterson, Louisiana

Summary Schedule of Prior Audit Findings  
Year Ended September 30, 2022

A. Internal Control –

2021-001 – Inadequate Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

MANAGEMENT’S RESPONSE: Not requested.

CURRENT STATUS: See schedule of audit results and findings, item 2022-001.

B. Compliance –

No findings were reported under this section.

C. OMB Uniform Guidance –

Not applicable in the prior year.

D. Management Letter –

Not issued in prior period.

**CORRECTIVE ACTION PLAN FOR CURRENT FINDINGS**

**APPENDIX A**

**(There were no findings requiring corrective action)**