

**RECREATION DISTRICT NO. 2  
OF THE PARISH OF ST. MARY  
STATE OF LOUISIANA**

**Annual Component Unit Financial Statements  
with Independent Auditors' Report**

**and**

**Report on Internal Control Over Financial Reporting  
and Compliance and Other Matters**

**For the Year Ended September 30, 2019**

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## FINANCIAL INFORMATION SECTION



a corporation of  
certified public accountants

INDEPENDENT AUDITORS' REPORT

The Board of Commissioners  
Recreation District No. 2 of the Parish  
of St. Mary, State of Louisiana  
Morgan City, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Recreation District No. 2 of the Parish of St. Mary, State of Louisiana (District), a component unit of St. Mary Parish, as of and for the year ended September 30, 2019, and the related notes to these financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of September 30, 2019 and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Matters

#### Required Supplementary Information

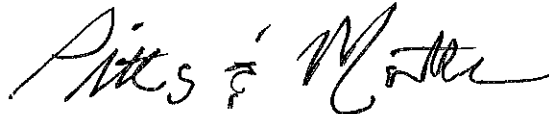
Accounting principles generally accepted in the United States of America require that management's discussion and analysis (MD &A), and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, 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. The District has elected not to present MD & A. Our opinion on the basic financial statements is not affected by this missing MD & A information. We have applied certain limited procedures to the required supplementary information related to budgetary comparison information on page 18, 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 this budgetary comparison information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The accompanying Schedule of Compensation, Benefits, and Reimbursements to Agency Head is presented for the purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Compensation, Benefits, and Reimbursements to Agency Head is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 4, 2020 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, contract, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS

Morgan City, Louisiana  
March 4, 2020

**RECREATION DISTRICT NO. 2 OF THE PARISH OF ST. MARY  
STATE OF LOUISIANA**

**Statement of Net Position  
September 30, 2019**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current assets	
Cash and cash equivalents	\$ 281,817
Due from other governments	69,173
Prepaid insurance	20,564
Deposit	<u>305</u>
Total current assets	<u>371,859</u>
Capital assets-net of accumulated depreciation	<u>3,997,991</u>
Total assets	<u><u>\$ 4,369,850</u></u>
<b>LIABILITIES AND NET POSITION</b>	
Liabilities	
Current liabilities	
Accounts payable and accrued expenses	\$ 27,451
Contracts Payable	\$ 29,381
Current portion of long-term debt	<u>210,000</u>
Total current liabilities	<u>266,832</u>
Noncurrent liabilities	
Noncurrent portion of long-term debt	<u>435,000</u>
Total noncurrent liabilities	<u>435,000</u>
Total liabilities	<u>701,832</u>
Net position	
Net investment in capital assets, net of related debt	3,352,991
Restricted for:	
Debt service	1,257
Unrestricted	<u>313,770</u>
Total net position	<u>3,668,018</u>
Total liabilities and net position	<u><u>\$ 4,369,850</u></u>

**RECREATION DISTRICT NO. 2 OF THE PARISH OF ST. MARY  
STATE OF LOUISIANA**

**Statement of Activities  
For the Year Ended September 30, 2019**

<u>Expenses</u>	<u>Total</u>
Current operating:	
Culture and recreation	
Salaries and wages	153,934
Benefits	50,327
Commissioners per diem	420
Insurance	64,082
Utilities & telephone	69,290
Accounting & professional fees	28,805
Supplies & office	10,566
Repairs & maintenance	180,216
Truck, bus, & tractor expenses	14,192
Summer program cost	9,700
Public relations	8,966
Pension - ad valorem taxes	18,952
Miscellaneous	2,731
Depreciation expense	286,765
Interest and fiscal charges on debt	13,847
	912,793
<u>Program revenues</u>	
Rental income	12,635
	12,635
Net program expenses	900,158
<u>General revenues</u>	
Taxes:	
Ad valorem	595,126
Sales tax allocation	49,966
Interest income	3,203
	648,295
Increase (decrease) in net assets	(251,863)
Net position - beginning of year	3,919,881
Net position - end of year	\$3,668,018

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



**RECREATION DISTRICT NO. 2 OF THE PARISH OF ST. MARY  
STATE OF LOUISIANA**

**Balance Sheet  
Governmental Funds  
September 30, 2019**

	<u>Governmental Fund Types</u>		Total Governmental <u>Funds</u>
	<u>General Fund</u>	Debt Service <u>Fund</u>	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 280,560	\$ 1,257	\$ 281,817
Due from other governments	69,173		69,173
Prepaid insurance	20,564		20,564
Deposits	305		305
	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	\$ <u>370,602</u>	\$ <u>1,257</u>	\$ <u>371,859</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable and accrued expenses	\$ 27,451		27,451
Contracts Payable	\$ 29,381		29,381
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	56,832	-	56,832
Fund balances:			
Restricted for debt service		1,257	1,257
Reserved for capital improvements			-
Unassigned	313,770		313,770
	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balances (deficit)	313,770	1,257	315,027
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities and fund balances	\$ <u>370,602</u>	\$ <u>1,257</u>	\$ <u>371,859</u>

Reconciliation of the total fund balance -- total governmental funds  
to the net position of governmental activities:

Total fund balance - Governmental Funds	\$	315,027
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Amounts reported for governmental activities in the Statement of Net Position  
are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.	3,997,991
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Noncurrent liabilities are not due and payable in the current period and,  
therefore, they are not reported in the governmental funds balance  
sheet.

Current portion of long-term debt	\$210,000	
Noncurrent portion of long-term debt	435,000	(645,000)
	<u>435,000</u>	<u>(645,000)</u>

Net position of governmental activities	\$	<u>3,668,018</u>
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**RECREATION DISTRICT NO. 2 OF THE PARISH OF ST. MARY  
STATE OF LOUISIANA**

**Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended September 30, 2019**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<u>Revenues</u>				
Rental and activity income	\$ 12,635			\$ 12,635
Ad valorem taxes	385,020	\$ 210,106		595,126
Sales tax allocation	49,966			49,966
Interest and investment income	<u>3,130</u>	<u>14</u>	<u>\$ 59</u>	<u>3,203</u>
 Total revenues	 <u>450,751</u>	 <u>210,120</u>	 <u>59</u>	 <u>660,930</u>
<u>Expenditures</u>				
Current:				
Culture and recreation				
Salaries and wages	153,934			153,934
Benefits	50,327			50,327
Commissioners per diem	420			420
Insurance	64,082			64,082
Utilities & telephone	69,290			69,290
Accounting & professional fees	28,805			28,805
Supplies & office	10,566			10,566
Repairs & maintenance	180,216			180,216
Truck, bus, & tractor expenses	14,192			14,192
Summer program cost	9,700			9,700
Public relations	8,966			8,966
Pension - ad valorem taxes	12,505	6,447		18,952
Miscellaneous	2,590	121	20	2,731
Capital Outlay	3,765			3,765
Building Construction			199,175	199,175
Plans			17,060	17,060
Debt service:				
Principal		210,000		210,000
Interest and fiscal charges		15,300		15,300
Total expenditures	<u>609,358</u>	<u>231,868</u>	<u>216,255</u>	<u>1,057,481</u>
 Excess (deficit) of revenues over expenditures	 (158,607)	 (21,748)	 (216,196)	 (396,551)
 Other Financing Sources (Uses)				
Operating transfer from General Fund	-	23,000	200,000	223,000
Operating transfer to Debt Service Fund	(23,000)	-	-	(23,000)
Operating transfer to Capital Projects Fund	(200,000)	-	-	(200,000)
 Total other financing sources (uses)	 (223,000)	 23,000	 200,000	 -
 Net change in fund balance prior to residual equity transfer	 (381,607)	 1,252	 (16,196)	 (396,551)
 Fund balances, beginning of year	 <u>707,459</u>	 <u>5</u>	 <u>4,114</u>	 <u>711,578</u>
 Fund balances, end of year before				
Residual equity transfer	\$ 325,852	\$ 1,257	\$ (12,082)	\$ 315,027
 Residual equity (deficit) transfer	 (12,082)	 -	 12,082	 -
 Fund balances, end of year	 <u>\$ 313,770</u>	 <u>\$ 1,257</u>	 <u>\$ -</u>	 <u>\$ 315,027</u>

Reconciliation of the changes in fund balances - total governmental funds to the change in net position of governmental activities:

Net change in fund balance prior to residual equity transfer - Governmental Funds \$ (396,551)

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation (\$286,765) exceeded capital outlays (\$220,000) in the current period. (66,765)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduced long-term liabilities in the statement of net position. This is the amount by which repayments (\$210,000) exceeded proceeds (\$0). 210,000

Some expenses reported in the Statement of Activities do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds.

Interest and fiscal charges 1,453

Change in net position of governmental activities \$ (251,863)

**RECREATION DISTRICT NO. 2 OF THE PARISH OF  
ST. MARY, STATE OF LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Recreation District No. 2 of the Parish of St. Mary, State of Louisiana (District), was created by Ordinance No. 961 of the St. Mary Parish Council (Council) on June 26, 1985. The District encompasses Wards 6 and 9. The District is authorized to acquire land and to construct and maintain buildings, equipment, and other facilities to be used in providing recreation facilities within the corporate boundaries of the District.

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

**A. Reporting Entity**

In evaluating how to define the governmental unit, for financial reporting purposes, consideration has been given to the following criteria as set forth in GAAP:

- a. Financial benefit or burden
- b. Appointment of a voting majority
- c. Imposition of will
- d. Fiscally dependent

Based upon the above criteria, the District is a component unit and integral part of the Council (the primary government).

These financial statements include only the operations of the District.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basic Financial Statements - Government-wide Financial Statements

The government-wide financial statements include the Statement of Net Position and the Statement of Activities which report all activities of the District as a whole. The government-wide presentation focuses primarily on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues.

C. Basic Financial Statements - Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues, and expenditures.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types." The following is a description of the funds utilized by the District.

Governmental Funds

General Fund

The General Fund is the general operating fund of the District. It is used to account for all financial resources, except those required to be accounted for in other funds.

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.

Capital Project Fund

The Capital Project Fund is used to account for the acquisition, construction, and improvements made to the District's recreation center and other facilities. This fund was closed at year end.

D. Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Government-wide Statements

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets, deferred outflows of resources, all liabilities, and deferred inflows of resources (whether current or noncurrent) are included on the statement of net position, and the statement of activities presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

### Fund Financial Statements

Governmental fund financial statements are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current deferred outflows of resources, current liabilities, and current deferred inflows of resources, 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.

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 can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities (the District uses a sixty day period after year end).

#### E. Revenues

The following is a summary of the District's recognition policies for its major revenue sources:

Ad valorem taxes (which are based on population and homesteads in the District) are recorded in the year the taxes are assessed.

Sales taxes are received by the St. Mary Parish Council and held on behalf of the District. Revenue is recorded as it is received by the St. Mary Parish Council.

Interest earnings are generally recorded when earned.

Substantially all other revenues are recorded when received.

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

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### F. Deferred Outflows and Inflows of Resources

The District has evaluated its transactions with the requirements of GASB pronouncements, related to deferred items, and determined that there are no significant transactions that meet the requirements of these statements. Therefore as of September 30, 2019, the District is not presenting any Deferred Outflows or Inflows of Resources in its financial statements.

### G. Expenses/Expenditures

The government-wide financial statements recognize expenses under the accrual basis of accounting and records the related liability at the time the expense is incurred.

In the fund financial statements, expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except principal and interest on long-term debt which is not recognized until due.

### H. Cash and Cash Equivalents

For financial statement purposes, cash and cash equivalents include bank deposits and/or certificates of deposit with original maturities of less than three months.

### I. Prepaid Expenses

The District has certain expenses in which they record the prepayment of these expenses, such as insurance, as an asset on the balance sheet and systematically recognize the expense over the period of the prepayment.

### J. Fixed Assets

The accounting treatment over property, plant, equipment (fixed assets) depends on whether they are reported in the government-wide or fund financial statements.

### Government-wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. All purchased fixed assets are valued at historical cost. Donated fixed assets are valued at their estimated fair market value on the date received. Fixed assets are reported at their historical cost or estimated fair market value less their accumulated depreciation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.



NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Depreciation is computed using the straight-line method based on the estimated useful life of the various assets. The following is a summary of estimated useful lives by classification of the fixed assets:

<u>Category</u>	<u>Years</u>
Buildings and building improvements	10-40
Furniture and fixtures	5-12
Equipment	3-15

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operation are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

K. Long-term Debt

Government-wide Financial Statements

In the government-wide financial statements, all long-term debt is reported as a liability. The long-term debt of the District consists of bonds payable.

Fund Financial Statements

Long-term debt for governmental funds is not reported as liability in the fund financial statements. The debt proceeds and the repayment of existing debt, with new debt proceeds are reported as other financing sources and uses; and the payment of principal and interest with other funds are reported as expenditures.

L. Equity Classifications

Government-wide Statements

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

- a) Net investment in capital assets - Consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of bonds that are attributable to the acquisition, construction, or improvement of those assets.
- b) Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- c) Unrestricted net position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

Fund Financial Statements

Governmental fund equity is classified by five categories; nonspendable, restricted, committed, assigned, or unassigned. At present, the District only requires reporting of restricted and unassigned. Restricted represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Unassigned represents those portions of fund equity that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purpose within the General Fund.

M. Transfers

Interfund

Permanent reallocations of resources between funds of the District are classified as interfund transfers. For the purpose of the Statement of Activities, all interfund transfers between individual governmental funds are generally eliminated.

Residual Equity

Upon completion of a fund's activity, its assets, liabilities, fund equity or deficit is closed out to the District's General Fund.

N. Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles require management to make certain estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

O. Budget Process

The District adopts a budget for its General Fund. The budget is adopted on a basis consistent with generally accepted accounting principles except for transfer between funds. All annual appropriations lapse at fiscal year end. Budgets are amended when necessary with board approval. In the financial statement comparison of budget to actual amounts both original and final amended amounts are shown.

NOTE 2 - CASH AND CASH EQUIVALENTS

The District does not have a formal investment policy related to interest rate risk (the risk of an investment decreasing in value due to increasing interest rates).

In addition the District does not have a formal investment policy related to credit risk (including concentrations of credit and custodial credit risk). However the District does follow state law as to limitations on types of deposits and investments as described below.

The District does not invest in any investments subject to foreign currency risk.

Cash and cash equivalents

Under state law the District may deposit its funds with certain state and federally chartered financial institutions. The deposits are required to be insured or collateralized by the financial institutions.

At year end, the carrying amount of the District's cash was \$281,817 and the bank balance was \$306,348, all of which was covered by federal depository.

NOTE 3 - TAXES

The District's property 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 taxes are considered delinquent January 1. Notices regarding seizures are sent out in April with the seizure date being May 1. The taxes are collected on behalf of the District by the Sheriff and then remitted to the District. The District actually receives most of the taxes in January.

The District receives 20.86 mils of property tax. For the year ended September 30, 2019, 13.48 mils were distributed to the General Fund and dedicated to operations and maintenance and 7.38 mils were distributed to the Debt Service fund and dedicated to debt retirement. For the year ended September 30, 2019 each mil levied resulted in approximately \$28,000 in ad valorem taxes received by the District.

NOTE 4 - DUE FROM OTHER GOVERNMENTS

The District received Parish funding during the fiscal year as outlined below:

	Revenues	
	<u>Recorded</u>	<u>Receivable</u>
St. Mary Parish-Sales Tax Receivable-held by the Parish	\$49,966	\$69,173

The amounts recorded as revenue and receivable, respectively, from St. Mary Parish are for sales tax money held by the parish for the District to use as needed for operating expenditures.

## NOTE 5 - FIXED ASSETS

Capital assets activity for the year ended September 30, 2019 is as follows:

	Balance September 30, <u>2018</u>	<u>Additions</u>	<u>(Deletions)</u>	Balance September 30, <u>2019</u>
Capital assets not being depreciated				
Land	\$ 13,981			\$ 13,981
Total capital assets not being depreciated	<u>13,981</u>			<u>13,981</u>
Capital assets				
Building and improvements	\$ 5,686,382	\$ 220,000		\$ 5,906,382
Land Improvements	21,482			21,482
Kitchen Equipment	48,243			48,243
Maintenance Equipment	228,389			228,389
Office F&F	138,410			138,410
Recreation Equipment	525,538			525,538
Transportation Equipment	176,944	-	(15,653)	161,291
Total other capital assets at historical cost	<u>6,825,388</u>	<u>220,000</u>	<u>(15,653)</u>	<u>7,029,735</u>
Less accumulated depreciation for:				
Building and improvements	(2,069,483)	(214,348)		(2,283,831)
Land Improvements	(10,043)	(1,074)		(11,117)
Kitchen Equipment	(38,388)	(1,613)		(40,001)
Maintenance Equipment	(134,296)	(17,296)		(151,592)
Office F&F	(103,119)	(10,465)		(113,584)
Recreation Equipment	(264,273)	(37,868)		(302,141)
Transportation Equipment	(155,011)	(4,101)	15,653	(143,459)
Total accumulated depreciation	<u>(2,774,613)</u>	<u>(286,765)</u>	<u>15,653</u>	<u>(3,045,725)</u>
Other capital assets, net	<u>4,050,775</u>	<u>(66,765)</u>	<u>-</u>	<u>3,984,010</u>
Total capital assets, net	<u>\$ 4,064,756</u>	<u>\$ (66,765)</u>	<u>\$ -</u>	<u>\$ 3,997,991</u>

Depreciation expense for the year totaled approximately \$287,000.

NOTE 6- LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended September 30, 2019:

Balance at October 1, 2018	\$855,000
Additions	--
Reductions	(210,000)
Balance at September 30, 2019	<u>\$645,000</u>

Obligations payable at September 30, 2019, are as follows:

General Obligation Bonds

\$2,000,000 of General Obligation Bonds, Series 2012 issued October 22, 2011. The bonds bear interest at a rate of 2.04% and are payable through the year 2022. The bonds are being retired from ad valorem taxes by the Debt Service Fund.

\$645,000

The following is an approximation of future debt requirements at September 30, 2019:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$210,000	\$11,016	\$221,016
2021	215,000	6,681	221,681
2022	<u>220,000</u>	<u>2,244</u>	<u>222,244</u>
	<u>\$645,000</u>	<u>\$19,941</u>	<u>\$664,941</u>

NOTE 7 - PENSION PLAN

The District's employees are covered under the Federal Insurance Contributions Act (Social Security). The District makes the required contributions to the fund and is not responsible for the benefits. During the year ended September 30, 2019 the District contributed \$5,098 and the District's employees contributed \$5,098.

The District does not maintain any other post employment benefit plans.

NOTE 8 – ON-BEHALF PAYMENTS

Property tax revenues include amounts withheld by the Sheriff to make on-behalf payments which represents the District’s pro-rata share of retirement plan contributions for other governmental units. Because the District is one of multiple governmental agencies receiving proceeds from a property tax assessment, it has to bear a pro-rata share of the pension expense relating to the public employees who participate in the Assessor’s Retirement Fund, Clerk of Court Retirement Fund, District Attorney’s Retirement System, Municipal Employees’ Retirement System, Parochial Employees’ Retirement System, Registrar of Voter Employees’ Retirement System, Sheriffs’ Pension & Relief Fund, and Teacher’s Retirement System.

The pro-rata share of the required contribution (\$19,349) that was withheld by the Sheriff from property tax collections to satisfy the District’s obligation has been presented as “pension – ad valorem” in the expenditure of the General and Debt Service funds in these financial statements. The District has also increased its property tax revenues by the same amount of the expenditure.

NOTE 9 - COMPENSATION OF BOARD MEMBERS AND OFFICERS

Board members received the following per diems for the year ended September 30, 2018:

<u>Name</u>	<u>Amount</u>
Orlando Banks	\$ 10
Ann Poole	90
Edward Thomas	130
Oscar Toups	130
Sandra Wilkerson	<u>60</u>
	<u>\$420</u>

NOTE 10 - CONCENTRATIONS

The District receives ninety percent of its revenues from the general public in the form of ad valorem taxes.

NOTE 11 - RISK MANAGEMENT AND CONTINGENCIES

The District is exposed to various risks of loss related to torts, theft or damage to assets, errors and omissions, injuries to employees and natural disasters. The District has purchased commercial insurance to protect against loss from substantially all of these perils.

There has been no significant reduction in insurance coverage from prior years. Settlements in the prior three years have not exceeded insurance coverages.

REQUIRED SUPPLEMENTAL INFORMATION

**RECREATION DISTRICT NO. 2 OF THE PARISH OF ST. MARY  
STATE OF LOUISIANA**

**Budget Comparison Schedule (Non GAAP Basis)  
General Fund  
(Unaudited)  
For the Year Ended September 30, 2019**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
Rental and activity income	\$ 11,800	\$ 11,800	\$ 12,635	\$ 835
Ad valorem taxes	400,000	400,000	385,020	(14,980)
Sales tax allocation	60,000	60,000	49,966	(10,034)
Interest and other income	-	-	3,130	3,130
	<u>471,800</u>	<u>471,800</u>	<u>450,751</u>	<u>(21,049)</u>
<u>Expenditures</u>				
Current:				
Culture and recreation				
Salaries and Wages	171,000	171,000	153,934	17,066
Benefits	55,000	55,000	50,327	4,673
Commissioners per diem	700	700	420	280
Insurance	55,000	55,000	64,082	(9,082)
Utilities & telephone	69,000	69,000	69,290	(290)
Accounting & professional fees	55,000	55,000	28,805	26,195
Supplies & office	11,600	11,600	10,566	1,034
Repairs & maintenance	135,000	135,000	180,216	(45,216)
Truck, bus, & tractor expenses	14,000	14,000	14,192	(192)
Summer program cost	20,000	20,000	9,700	10,300
Recreation Program Equipment	5,000	-	-	-
Public relations	10,000	10,000	8,966	1,034
Pension - ad valorem taxes	12,505	12,505	12,505	-
Miscellaneous	5,300	5,300	2,590	2,710
Capital Outlay	<u>150,000</u>	<u>150,000</u>	<u>3,765</u>	<u>146,235</u>
	<u>769,105</u>	<u>764,105</u>	<u>609,358</u>	<u>154,747</u>
Net Change in fund balance-Non GAAP Basis	<u>(297,305)</u>	<u>(292,305)</u>	<u>(158,607)</u>	<u>133,698</u>
Reconciliation Non GAAP to GAAP Basis				
Operating transfers			(223,000)	(223,000)
Residual equity transfers	-	-	(12,082)	(12,082)
Net Change in fund balance- GAAP Basis	<u>(297,305)</u>	<u>(292,305)</u>	<u>(393,689)</u>	<u>(101,384)</u>
Fund balances, beginning of year	<u>707,459</u>	<u>707,459</u>	<u>707,459</u>	<u>707,459</u>
Fund balances, end of year - GAAP Basis	<u>\$ 410,154</u>	<u>\$ 415,154</u>	<u>\$ 313,770</u>	<u>\$ 606,075</u>

Note on Budgeting Basis:

The District uses the GAAP Basis for budgeting except no provisions is made for interfund transfers



SUPPLEMENTAL INFORMATION

**RECREATION DISTRICT NO. 2 OF THE PARISH OF ST. MARY**  
Schedule of Compensation, Benefits and Other Payments to Agency Head  
For the Year Ended September 30, 2019

Agency Head Name: Leroy Trim, Executive Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 54,994
Benefits-Insurance	15,439
Benefits - FICA & Medicare	<u>5,793</u>
Total	<u>\$ 76,226</u>

These amounts represent all compensation, benefits, and reimbursements for the year.

INTERNAL CONTROL AND COMPLIANCE  
AND OTHER MATTERS SECTION



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

Board of Commissioners  
Recreation District No. 2 of the Parish  
of St. Mary, State of Louisiana  
Morgan City, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, and each major fund of the Recreation District No. 2 of the Parish of St. Mary, State of Louisiana (District), which comprise the District's basic financial statements as of and for the year ended September 30, 2019, and the related notes to the financial statements, and have issued our report thereon dated March 4, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

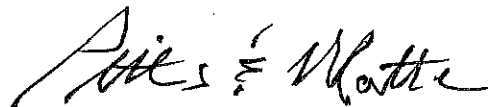
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during the audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### Compliance and Other Matters

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

#### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization'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 organization'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 considered a public record and may be distributed by the Legislative Auditor.



CERTIFIED PUBLIC ACCOUNTANTS

March 4, 2020  
Morgan City, Louisiana

**RECREATION DISTRICT NO. 2 OF THE PARISH OF ST. MARY  
STATE OF LOUISIANA**

**Schedule of Findings  
For the Year Ended September 30, 2019**

**A. SUMMARY OF AUDIT FINDINGS**

1. The auditors' report expressed an unmodified opinion on the financial statements of the Recreation District No. 2 of the Parish of St. Mary, which are prepared in accordance with GAAP.

2. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control Over Financial Reporting

No findings are required to be reported for the year ended September 30, 2019.

Compliance and Other Matters

No findings are required to be reported for the year ended September 30, 2019.

3. Federal Awards

This section is not applicable for the year ended September 30, 2019.

4. Management Letter

No letter was issued.

B. FINDINGS FINANCIAL STATEMENT AUDIT

NO MATTERS TO BE REPORTED.

C. FINDINGS AND QUESTIONED COSTS - FEDERAL AWARDS PROGRAMS

This section is not applicable for the year ended September 30, 2019.

**SUMMARY OF PRIOR YEAR FINDINGS AND RELATED CORRECTIVE ACTION  
PREPARED BY RECREATION DISTRICT NO. 5 OF ST. MARY PARISH**

Item of Noncompliance

Item No. 2018-001 Noncompliance with Budget Monitoring

Condition: During the course of the audit for the year ended September 30, 2018, it was noted that the District's operating budget need amendments which were not made.

Corrective Action: This has been corrected.



**RECREATION DISTRICT NO. 2**

PARISH OF ST. MARY, STATE OF LOUISIANA

SCHEDULE OF PROCEDURES PERFORMED AND  
ASSOCIATED FINDINGS BASED UPON THE  
STATEWIDE AGREED-UPON PROCEDURES

FOR THE YEAR ENDED

September 30, 2019

WITH

AGREED UPON PROCEDURES REPORT

BY

INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners  
Recreation District No. 2  
Of the Parish of St. Mary  
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated in the attached Schedule of Procedures Performed and Associated Findings Based Upon the Statewide Agreed-Upon Procedures (Schedule), which were agreed to by Recreation District No. 2 of the Parish of St. Mary (District) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period October 1, 2018 through September 30, 2019. The District's management is responsible for those C/C areas identified in the SAUPs presented in the attached Schedule. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described in the attached Schedule either for the purpose for which this report has been requested or for any other purpose.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report may be distributed by the LLA as a public document.

A handwritten signature in black ink that reads "Pitts &amp; Matte". The signature is written in a cursive, flowing style.

CERTIFIED PUBLIC ACCOUNTANTS

Morgan City, Louisiana  
March 4, 2020

**RECREATION DISTRICT NO. 2**  
**PARISH OF ST. MARY, STATE OF LOUISIANA**  
**Schedule of Procedures Performed and Associated Findings Based upon the**  
**Statewide Agreed-Upon Procedures**  
**For the Year Ended September 30, 2019**

Guide to Presentation Format

This report contains these items presented in this order:

- Statewide Agreed-Upon Procedures (AUPS) prescribed by the Louisiana Legislative Auditor (LLA),
- Procedures performed by the Independent Certified Public Accountant,
- Findings based upon the procedures performed, and
- Management’s Comments relative to the findings, if applicable.

In order to facilitate understanding this report - the procedures and findings are presented in the following format:

<u>Order of Presentation</u>	<u>Presentation Format</u>
Area or function	<b>Centered all CAPITALS IN BOLD TYPE</b>
Statewide Agreed-Upon Procedures Prescribed (AUPS) by Louisiana Legislative Auditor (LLA)	Regular type highlighted with numbers or letters (if there are multiple parts)
Actual procedures performed by Independent Certified Public Accountant	Denoted as <b>Procedure Performed:</b> (in bold type) followed by procedure in regular type
Finding based upon procedure performed	Denoted as <b>Findings:</b> (in bold type) followed by findings in regular type
Management’s response to findings	Denoted as <b>Management’s Response:</b> (in bold type) followed by <i>managements response in italics</i>

The District is not subject to all possible Louisiana Legislative Auditor - State Wide Agreed-Upon Procedures. The numbers of the procedures in this report coincide with the numbers assigned to the specified procedures on the Louisiana Legislative Auditor’s website. Therefore, because of certain excluded procedures, the procedure numbers used in this report are not in consecutive order.

## WRITTEN POLICIES AND PROCEDURES

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1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

### **Budgeting**

- a) Budgeting, including preparing, adopting, monitoring, and amending the budget

**Procedure Performed:** Obtained from management and inspected the District's "Policy & Procedure Manual" and read the written policies and procedures for Budgeting.

**Findings:** Found the District has written policies that include the specified functions listed above.

### **Purchasing**

- b) Purchasing, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

**Procedure Performed:** Obtained from management and inspected the District's "Policy & Procedure Manual" and read the written policies and procedures for Purchasing.

**Findings:** Found the District has written policies that include the specified functions listed above.

### **Disbursements**

- c) Disbursements, including processing, reviewing, and approving

**Procedure Performed:** Obtained from management and inspected the District's "Policy & Procedure Manual" and read the written policies and procedures for Disbursements.

**Findings:** Found the District has written policies that include the specified functions listed above.

### **Receipts/Collections**

- d) Receipts/Collections, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

## WRITTEN POLICIES AND PROCEDURES (CONTINUED)

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**Procedure Performed:** Obtained from management and inspected the District's "Policy & Procedure Manual" and read the written policies and procedures for Receipts/Collections.

**Findings:** Found the District has written policies that include the specified functions listed above.

### **Payroll/Personnel**

- e) Payroll/Personnel, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

**Procedure Performed:** Obtained from management and inspected the District's "Policy & Procedure Manual" and read the written policies and procedures for Payroll/Personnel.

**Findings:** Found the District has written policies that include the specified functions listed above.

### **Contracting**

- f) Contracting, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

**Procedure Performed:** Obtained from management and inspected the District's "Policy & Procedure Manual" and read the written policies and procedures for Contracting.

**Findings:** Found the District has written policies that include the specified functions listed above.

### **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**

- g) Credit Cards (and debit cards, fuel cards, P-Cards, if applicable), including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)

**Procedure Performed:** Obtained from management and inspected the District's "Policy & Procedure Manual" and read the written policies and procedures for credit cards.

**Findings:** Found the District has written policies that include the specified functions listed above.

## WRITTEN POLICIES AND PROCEDURES (CONTINUED)

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### Travel and expense reimbursement

- h) Travel and expense reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

**Procedure Performed:** Obtained from management and inspected the District's "Policy & Procedure Manual" and read the written policies and procedures for travel and expense reimbursement.

**Findings:** Found the District has written policies that include the specified functions listed above.

### Ethics

- i) Ethics, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

**Procedure Performed:** Obtained from management and inspected the District's "Policy & Procedure Manual" and read the written policies and procedures for Ethics.

**Findings:** Found the District has written policies that include the specified functions listed above.

### Debt Service

- j) Debt Service, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

**Procedure Performed:** Inquired of management and obtained management's written confirmation that they do not have written policies and procedures for debt service.

**Findings:** Found the District does not have written policies and procedures regarding debt service.

### Disaster Recovery/Business Continuity

- k) Disaster Recovery/Business Continuity, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

**Procedure Performed:** Inquired of management and obtained management's written confirmation that they do not have written policies and procedures for disaster recovery/business continuity.

## WRITTEN POLICIES AND PROCEDURES (CONTINUED)

---

**Findings:** Found the District does not have written policies and procedures regarding disaster recovery/business continuity.

***Management's response:***

*The District has policies and procedures in writing in all areas above with the exception of Debt Service and Disaster Recovery/Business Continuity.*

*We are in the process of putting our policies and procedures in Debt Service and Disaster Recovery/Business Continuity in writing.*



## BANK RECONCILIATIONS

---

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
  - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
  - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledger, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
  - c) Management has documentation reflecting that it has research reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

**Procedures Performed:** Obtained the listing of bank accounts from management, and received management's written representation that the list is complete. Randomly selected 4 bank accounts and the Operating account out of a total of 6 accounts and requested bank reconciliations and bank statements for all 5 accounts for the one month randomly selected. Obtained and inspected bank statements and bank reconciliations prepared for the month selected for all accounts selected.

**Findings:**

- a) Observed there is evidence that the bank reconciliation was prepared within 2 months of the related statement closing date.
- b) Observed there is no evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation.
- c) Observed that there were no items outstanding for more than 12 months

***Management' response:***

*In the future bank reconciliations will include evidence that they were reviewed by a board member on a monthly basis.*

## COLLECTIONS

---

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

**Procedure Performed:** Obtained from management a listing of deposits sites for the fiscal period where deposits for cash/ checks/ money orders are prepared and management's representation that the listing is complete.

**Findings:** Found the District has one deposit site.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
  - a) Employees that are responsible for cash collections do not share cash drawers/registers.
  - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
  - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
  - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

**Procedure Performed:** Obtained from management a listing of collection locations relating to the one deposit site and management's representation that the listing is complete. The District has only one collection location. For that collection location we inquired of employees about their job duties.

**Findings:**

- a) Found that, Executive Director is responsible for cash collections at the collection location and he does share a cash drawer with an employee who collects rental collections only, in the absence of the Executive Director.
- b) Found that the Executive Director who is responsible for cash collections is also responsible for preparing and making bank deposits. However, an outside accountant is responsible for reconciling collection documentation to the deposit.

## COLLECTIONS (CONTINUED)

---

- c) Found that all employees responsible for collecting cash are not responsible for posting collection entries to the general ledger or subsidiary ledger. The outside accountant post collection entries to the general ledger.
  - d) Found that the Executive Director collects cash and the outside accountant reconciles cash collections to the general ledger and/or subsidiary ledgers, by revenue source.
6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

**Procedure Performed:** Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

**Findings:** Found that individuals who have access to cash are covered by a insurance policy for theft.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
- a) Observe that receipts are sequentially pre-numbered.
  - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - c) Trace the deposit slip total to the actual deposit per the bank statement.
  - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
  - e) Trace the actual deposit per the bank statement to the general ledger.

**Procedure Performed:** Randomly selected two deposit dates for the District's five bank accounts selected for procedure #3 under "Bank Reconciliations" and obtained supporting documentation (general ledger, deposit slips, copies of checks received and bank statements) for each and performed the following procedures;

- a) Observed the District does have sequentially pre-numbered receipts.
- b) Traced sequentially pre-numbered receipt, to general ledger, and deposit slips
- c) Traced the deposit slip total to the actual deposit per the bank statement.

## COLLECTIONS (CONTINUED)

---

- d) Observed that the deposits were made within one business day of receipt
- e) Trace the actual deposit per the bank statement to the general ledger

**Findings:** Found that two of the District's five accounts had no deposits during the year.

- a) Found that the District has three different types of collections. Checks received from other governmental entities and rentals from businesses with continuous activity do not require sequentially pre-numbered receipts. The remaining rental transactions do require sequentially pre-numbered receipts. Found that the District has sequentially pre-numbered receipts for rental collections that require them.
- b) Collections documentation (sequentially pre-numbered receipt [when applicable] check images and, general ledger) agrees to the deposit slips.
- c) Deposit slip total agrees to the deposit amount on the bank statement.
- d) Found deposits were made within one business day of receipt for the rental transaction that required sequentially pre-numbered receipts; however, we are not able to determine the date of receipt for rentals from businesses with continuous activity and collections from other governmental entities.
- e) The actual deposit per bank statements agrees with the collection recorded in the general ledger

***Management's response:***

*No comment.*

## CREDIT CARDS/DEBIT CARDS/FUEL CARDS/P-CARDS

---

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

**Procedure Performed:** Obtained from management a listing of all active credit, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards and management's representation that the listing is complete.

**Findings:** Found that the District has only one fuel card and it is maintained by the Executive Director.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
- b) Observe that finance charges and late fees were not assessed on the selected statements.

**Procedures Performed:** Using the listing prepared by management, we selected the one fuel card. We then randomly selected one monthly statement and obtained supporting documentation, and:

- a) Observed that there is evidence that the monthly statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.
- b) Observed that finance charges and late fees were not assessed on the selected statements.

**Findings:**

- a) Found that there is evidence that a board member reviewed the monthly statement and approved it with his signature.
- b) Found that finance charges and late fees were not assessed on the selected statements.

## CREDIT CARDS/DEBIT CARDS/FUEL CARDS/P-CARDS (CONTINUED)

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

**Procedures Performed:** Procedures for #13 are not applicable because the only card active for the District during the fiscal period was a fuel card, which is excluded.

**Findings:** There are no findings because procedure #13 is not applicable in the current year.

***Management's response:***

*No comment.*

### **TRAVEL AND TRAVEL-RELATED EXPENSE REIMBURSEMENTS**

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Inquired of management and obtained management's written confirmation that they did not have travel and travel related expense reimbursements during the current fiscal period. Therefore, no other procedures are applicable in the current year.

## CONTRACTS

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15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
  - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
  - c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
  - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

**Procedures Performed:** Obtained a listing of agreements/contracts for professional services, material and supplies, leases and construction activities that were initiated or renewed during the fiscal period and managements representation that the list is complete. Selected the only contract from the listing and performed the following procedures:

- a) Observed that the contract was bid in accordance with the Louisiana Public Bid Law, if required.
- b) Observed that the contract was approved by the governing body/board, if required by policy or law.
- c) If the contract was amended, observed that the original contract terms provided for such amendment.
- d) Randomly selected one payment from the fiscal period for the selected contract, obtained and compared the contract and supporting invoice and payment check copies, agreed the invoice to the contract terms, and observed that the invoice and related payment agreed to the terms and conditions of the contract.

**Findings:**

- a) Found that the contract is subject to Louisiana Public Bid Law and was bid in compliance with requirements.
- b) Found that the contract was approved by the governing board.
- c) Found that the contract was amended and observed that the original contract terms provided for such an amendment.



## CONTRACTS (CONTINUED)

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- d) Found that the selected invoice agreed to the contract terms, and the invoice and related payments agreed to the terms and conditions of the contract.

*Management's response:*

*No comment.*

## ETHICS

20. Using the 5 randomly selected employees/official from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:

- a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
- b) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

**Procedure Performed:** Procedure #16 under "Payroll and Personnel" is not required in the current year; therefore, for the purposes of procedure #20, we randomly selected five employees/officials and obtained and read their ethic's certificates from management. Observed that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period. Obtained management's written confirmation that the District does not have documentation that each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

### **Findings:**

- a) Found that the ethics certificates demonstrate that each employee/official completed one hour of ethics training during the fiscal period.
- b) Found that the District does not have documentation that each employee/official attested through signature verification that he or she has read the ethics policy during the fiscal year.

### ***Management's response:***

*We will obtain documentation that each employee/official attest through signature verification that he or she has read the ethics policy during the fiscal year.*