

**RECREATION DISTRICT NO.1
OF THE PARISH OF ST. MARTIN**

FINANCIAL REPORT

For the Year Ended December 31, 2017

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(A Corporation of Certified Public Accountants)

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INDEPENDENT ACCOUNTANT’S REVIEW REPORT

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To the Board of Commissioners
Recreation District No. 1 of the Parish of St. Martin
Stephensville, Louisiana

We have reviewed the accompanying financial statements of the governmental activities and each major fund of Recreation District No. 1 of the Parish of St. Martin (District), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management’s financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant’s Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant’s Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

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Supplementary Information

The supplementary information included in the Schedule of Compensation, Benefits and Other Payments to Agency Head is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on such information.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedule on page 22 be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information is the responsibility of management. We have not audited, reviewed, or compiled the required supplementary information and we do not express an opinion, a conclusion, nor provide any assurance on it.

Management has omitted the management's discussion and analysis information 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.

Darnall, Sikes & Frederick

(A Corporation of Certified Public Accountants)

Morgan City, Louisiana
June 22, 2018

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

RECREATION DISTRICT NO. 1 OF THE PARISH OF ST. MARTIN

Statement of Net Position
December 31, 2017

ASSETS

Current assets

Cash	\$ 988,718
Taxes receivable	135,364
Due from other governmental units	93,305
Deposits	<u>365</u>

Total current assets 1,217,752

Capital assets

Nondepreciable capital assets	932,945
Depreciable capital assets, net of accumulated depreciation	<u>1,622,050</u>

Total capital assets 2,554,995

TOTAL ASSETS \$ 3,772,747

LIABILITIES AND NET POSITION

Current liabilities

Accounts payable	\$ 160,433
Retainage payable	29,701
Accrued interest	<u>8,544</u>

Total current liabilities 198,678

Long-term liabilities

Due within one year	57,000
Due in more than one year	<u>949,000</u>

Total long-term liabilities 1,006,000

TOTAL LIABILITIES 1,204,678

Net position

Net investment in capital assets	1,548,995
Restricted for debt service	103,793
Unrestricted	<u>915,281</u>

Total net position 2,568,069

TOTAL LIABILITIES AND NET POSITION \$ 3,772,747

The accompanying notes are an integral part of this statement.

RECREATION DISTRICT NO. 1 OF THE PARISH OF ST. MARTIN

Statement of Activities
For the Year Ended December 31, 2017

<u>Functions/Programs</u>	<u>Governmental Activities</u>
Expenses:	
Culture and recreation	\$ 101,707
Interest and fiscal charges on debt	<u>26,478</u>
Total expenses	128,185
Program revenues:	
Charges for services:	
Facility rental	<u>150</u>
Total general revenues	<u>150</u>
Net program revenues	<u>(128,035)</u>
General revenues:	
Taxes:	
Property taxes, levied for maintenance and debt service	137,697
Appropriations from St. Martin Parish Government	325,000
State revenue sharing	1,790
Interest and investment earnings	261
Miscellaneous	<u>1,800</u>
Total general revenues	<u>466,548</u>
Change in net position	338,513
Net position - January 1, 2017	<u>2,229,556</u>
Net position - December 31, 2017	<u>\$ 2,568,069</u>

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

RECREATION DISTRICT NO. 1 OF THE PARISH OF ST. MARTIN

Balance Sheet
Governmental Funds
December 31, 2017

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash	\$ 465,077	\$ 30,409	\$ 493,232	\$ 988,718
Taxes receivable	55,737	79,627	-	135,364
Due from other governmental units	77,418	1	15,886	93,305
Due from other funds	685	-	-	685
Deposits	<u>365</u>	<u>-</u>	<u>-</u>	<u>365</u>
TOTAL ASSETS	<u>\$ 599,282</u>	<u>\$ 110,037</u>	<u>\$ 509,118</u>	<u>\$ 1,218,437</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE				
Liabilities				
Accounts payable	\$ 872	\$ -	\$ 159,561	\$ 160,433
Retainage payable	-	-	29,701	29,701
Due to other funds	<u>-</u>	<u>685</u>	<u>-</u>	<u>685</u>
Total liabilities	872	685	189,262	190,819
 Deferred inflows of resources	 3,889	 5,559	 -	 9,448
Fund balance				
Restricted	-	103,793	-	103,793
Assigned	-	-	319,856	319,856
Unassigned	<u>594,521</u>	<u>-</u>	<u>-</u>	<u>594,521</u>
Total fund balance	<u>594,521</u>	<u>103,793</u>	<u>319,856</u>	<u>1,018,170</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	 <u>\$ 599,282</u>	 <u>\$ 110,037</u>	 <u>\$ 509,118</u>	 <u>\$ 1,218,437</u>

The accompanying notes are an integral part of this statement.

RECREATION DISTRICT NO. 1 OF THE PARISH OF ST. MARTIN

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
December 31, 2017

Fund balance - governmental funds		\$1,018,170
Total net position reported for governmental activities in the statement of net position is different because:		
Revenues that are not considered available are not financial resources and, therefore, are not reported in the governmental fund.		9,448
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Land	256,000	
Construction in progress	676,945	
Capital assets being depreciated, net of \$411,982 accumulated depreciation	<u>1,622,050</u>	2,554,995
Long-term liabilities, which include bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Bonds payable	(1,006,000)	
Accrued interest payable	<u>(8,544)</u>	<u>(1,014,544)</u>
Net position of governmental activities		<u>\$2,568,069</u>

The accompanying notes are an integral part of this statement.

RECREATION DISTRICT NO. 1 OF THE PARISH OF ST. MARTIN

Statement of Revenues, Expenditures, and Changes in
Fund Balances – Governmental Funds
For the Year Ended December 31, 2017

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Revenues				
Ad valorem taxes	\$ 62,618	\$ 90,949	\$ -	\$ 153,567
Intergovernmental	326,790	-	-	326,790
Interest income	100	161	-	261
Other income	<u>1,950</u>	<u>-</u>	<u>-</u>	<u>1,950</u>
Total revenues	391,458	91,110	-	482,568
Expenditures				
Current -				
Culture and recreation				
Advertising	653	-	-	653
Bond issuance costs	-	-	525	525
Office supplies	2,015	-	-	2,015
Parish pension deduction	2,051	2,930	-	4,981
Professional services	17,680	-	-	17,680
Repairs and maintenance	25	-	-	25
Utilities and telephone	7,680	-	-	7,680
Capital outlay	709	-	676,945	677,654
Debt Service -				
Interest and fees	-	26,971	-	26,971
Principal	<u>-</u>	<u>54,000</u>	<u>-</u>	<u>54,000</u>
Total expenditures	<u>30,813</u>	<u>83,901</u>	<u>677,470</u>	<u>792,184</u>
Changes in fund balance	360,645	7,209	(677,470)	(309,616)
Fund balance, beginning	<u>233,876</u>	<u>96,584</u>	<u>997,326</u>	<u>1,327,786</u>
Fund balance, ending	<u>\$ 594,521</u>	<u>\$ 103,793</u>	<u>\$ 319,856</u>	<u>\$ 1,018,170</u>

The accompanying notes are an integral part of this statement.

RECREATION DISTRICT NO. 1 OF THE PARISH OF ST. MARTIN

Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2017

Net change in fund balance - governmental funds \$ (309,616)

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

Revenues that are considered available provide current financial resources to governmental funds; however, in the statement of activities, revenues that are not considered available are reported. This is the difference between prior year and current year revenues that were not considered available. (15,870)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has an effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued; whereas these amounts are deferred and amortized in the statement of activities.

Principal payment	54,000	
Change in accrued interest	493	54,493

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay which is considered expenditures on Statement of Revenues, Expenditures, and Changes in Fund Balances	677,654	
Depreciation expense for the year ended December 31, 2017	(68,148)	609,506

Change in net position of governmental activities \$ 338,513

The accompanying notes are an integral part of this statement.

RECREATION DISTRICT NO. 1 OF THE PARISH OF ST. MARTIN

Notes to the Financial Statements

INTRODUCTION

Recreation District No. 1 of the Parish of St. Martin (District) was created by the St. Martin Parish Police Jury (predecessor of the St. Martin Parish Council) on July 6, 1999. The District encompasses Ward Six of the Parish. The District is governed by a Board of Commissioners appointed by the St. Martin Parish Council. The purpose of the District is the creation of a rural recreation district within the boundaries of lower St. Martin Parish to acquire, construct, manage, and maintain recreation facilities within the boundaries of the District.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the District conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:513, the *Louisiana Governmental Audit Guide*. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of certain significant accounting policies:

Financial Reporting Entity

GASB Statement No. 14, *The Financial Reporting Entity*, has established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity and other reporting relationships. The basic criterion for including a potential component unit within the reporting entity is financial accountability. GASB has set forth criteria to be considered in determining financial accountability. The criteria include:

1. Appointment of a voting majority of the governing board, and
 - a. The ability of the reporting entity to impose its will on the organization, or
 - b. The potential of the organization to provide specific financial benefits to or impose specific financial burdens on the reporting entity.
2. Organizations which are fiscally dependent.
3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature of significance of the relationship.

For financial reporting purposes in conformance with Governmental Accounting Standards Board Statement No. 14, the District is a component unit of the St. Martin Parish Council, the reporting entity (the Oversight Unit). The accompanying financial statements present information only on the funds maintained by the District and do not present information on the St. Martin Parish Council.

RECREATION DISTRICT NO. 1 OF THE PARISH OF ST. MARTIN

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide and Fund Financial Statements

The District's basic financial statements consist of the government-wide statements on all activities of the District and the governmental fund financial statements (individual major funds).

The government-wide financial statements report information on all of the activities of the government. Both the government-wide and the fund financial statements categorize primary activities as governmental.

The statement of activities demonstrates the degree to which the direct expenses having a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include fees and charges paid by the recipients of services offered by the District and grants and contributions that are restricted to meeting the operational or capital requirement of a particular program. Taxes and items not properly included among program revenues are reported as *general revenues*.

A separate financial statement is provided for the governmental funds.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of the related cash flows. Ad valorem taxes are recognized as revenues in the year in which they are levied. Grants and similar items are recognized as revenues in the year for which they are earned.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or as soon enough thereafter to pay liabilities for the current period. For this purpose, the government considers revenues to be *available* if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Ad valorem taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Ad valorem taxes are recognized as revenues in the year in which such taxes are levied and billed to the taxpayers. Other major revenues that are considered susceptible to accrual include intergovernmental revenues.

RECREATION DISTRICT NO. 1 OF THE PARISH OF ST. MARTIN

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The District has the following fund types:

Governmental Fund –

The focus of the governmental fund’s measurement (in the fund statement) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the District:

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 another fund. The General Fund is always a major fund.

Debt Service Fund –

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

Capital Projects Fund –

The Capital Projects Fund is used to account for the financial resources used for the construction of park improvements with the District.

Capital Assets

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

Government-wide Financial Statements:

In the government-wide financial statements, capital assets are accounted for as noncurrent assets. All capital assets purchased or acquired with an original cost of \$500 or greater are reported at historical cost or estimated historical cost for assets for which historical cost is not available. Donated assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized while other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Building and improvements	20-30 years
Equipment	5 years

RECREATION DISTRICT NO. 1 OF THE PARISH OF ST. MARTIN

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements:

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

Equity Classifications

Government-wide Financial Statements:

Net position represents the difference between assets and liabilities. Net position is reported in three categories, as follows:

- a. Net investment in capital assets – consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – consists of net position items with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – consists of the net amount of assets and liabilities that do not meet the definition of the above two components and is available for general use by the District.

When an expenditure is incurred for purposes for which both restricted and unrestricted net position is available, the District applies restricted net position first.

Fund Financial Statements:

Governmental fund equity is classified as fund balance. Fund balances are classified as follows:

Non-spendable – Includes amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted – Includes amounts that can be used only under constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or under constraints that are imposed by law through constitutional provisions or enabling legislation.

RECREATION DISTRICT NO. 1 OF THE PARISH OF ST. MARTIN

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Committed – Includes amounts that can only be used for specific purposes as a result of constraints imposed by formal action of the District’s Board of Commissioners. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the District’s Board of Commissioners.

Assigned – Includes amounts that are constrained by the government’s intent to be used for specific purposes but are neither restricted nor committed.

Unassigned – Includes all other spendable amounts.

For the classification of governmental fund balances, the District considers an expenditure to be made from the most restrictive classification first when there is more than one classification available.

Interfund Receivables and Payables

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

Deferred Inflows of Resources

Ad valorem taxes levied at December 31, 2017 totaling \$9,448 are not considered to be available to finance operations of the current period and are reported as deferred inflows of resources. These revenues are recognized as operating revenues when they become available.

Use of Estimates

The District uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenditures or expenses, as appropriate.

Subsequent Events

The District has evaluated subsequent events through June 22, 2018, the date the financial statements were available to be issued.

RECREATION DISTRICT NO. 1 OF THE PARISH OF ST. MARTIN

Notes to the Financial Statements

NOTE 2 CASH

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 the United States bonds, notes or bills as well as certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

The carrying value of the District's cash and interest-bearing deposits with financial institutions at December 31, 2017 totaled \$988,718 and the bank balance was \$989,616. Federal deposit insurance covered \$250,000 of the deposits while the remaining deposits were covered by collateral held by the pledging bank's agent in the District's name in the amount of \$1,224,128. Cash and interest-bearing deposits are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The fair market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

Louisiana R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 3 AD VALOREM TAXES

Ad valorem taxes are levied in October and are actually billed to taxpayers in November or December. These taxes attach as an enforceable lien on property as of January 1st of each year. Billed taxes become delinquent on January 1st of the following year. The St. Martin Parish Tax Collector bills and collects property taxes for the District using the assessed values determined by the St. Martin Parish Assessor. The District receives most of the ad valorem taxes in January and February.

For the year ended December 31, 2017, taxes of 5.95 mills were levied on property with assessed valuations totaling \$23,586,567 and were dedicated as follows:

Operations and maintenance	2.45 mills
Debt Service	3.50 mills

Total taxes levied during 2017 were \$140,345. Taxes receivable at December 31, 2017 consisted of \$135,364 for the 2017 assessment.

NOTE 4 DUE FROM OTHER GOVERNMENTAL UNITS

The amount due from other governmental units at December 31, 2017, consisted of \$93,305 due from the St. Martin Parish Government.

RECREATION DISTRICT NO. 1 OF THE PARISH OF ST. MARTIN

Notes to the Financial Statements

NOTE 5 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Land	\$ 256,000	\$ -	\$ -	\$ 256,000
Construction in progress	<u>-</u>	<u>676,945</u>	<u>-</u>	<u>676,945</u>
Total capital assets not being depreciated	256,000	676,945	-	932,945
Capital assets being depreciated:				
Buildings and improvements	2,033,323	-	-	2,033,323
Equipment	<u>-</u>	<u>709</u>	<u>-</u>	<u>709</u>
Total capital assets being depreciated	2,033,323	709	-	2,034,032
Less accumulated depreciation for:				
Buildings and improvements	(343,834)	(68,042)	-	(411,876)
Equipment	<u>-</u>	<u>(106)</u>	<u>-</u>	<u>(106)</u>
Total accumulated depreciation	<u>(343,834)</u>	<u>(68,148)</u>	<u>-</u>	<u>(411,982)</u>
Total capital assets being depreciated, net	<u>1,689,489</u>	<u>(67,439)</u>	<u>-</u>	<u>1,622,050</u>
Total capital assets, net	<u>\$1,945,489</u>	<u>\$ 609,506</u>	<u>\$ -</u>	<u>\$2,554,995</u>

Depreciation charged to expense was \$68,148 for the year ended December 31, 2017.

NOTE 6 BONDS PAYABLE

The following is a summary of bonds payable of the District as of December 31, 2017:

\$520,000 General Obligation Bonds, Series 2003, balance due in annual principal installments, starting March 1, 2004 of \$10,000 - \$40,000, plus semi-annual interest payments, through March 1, 2018, with interest at 4% - 7%.	\$ 30,000
\$1,000,000 General Obligation Bonds, Series 2016, balance due in annual principal installments, starting March 1, 2017 of \$24,000 - \$89,000, plus semi-annual interest payments, through March 1, 2031, with interest at 1.0% - 3.75%.	<u>976,000</u>
Total	<u>\$1,006,000</u>

RECREATION DISTRICT NO. 1 OF THE PARISH OF ST. MARTIN

Notes to the Financial Statements

NOTE 6 BONDS PAYABLE (CONTINUED)

The following is a summary of debt transactions of the District for the year ended December 31, 2017:

<u>General Obligation Bonds</u>	
Payable at January 1, 2017	\$ 1,060,000
Issued	-
Retired	<u>(54,000)</u>
Payable at December 31, 2017	<u>\$1,006,000</u>
Due within one year	<u>\$ 57,000</u>

General obligations bonds are secured by an annual ad valorem tax levy. In accordance with Louisiana Revised Statute 36:562, the District is legally restricted from incurring long-term bonded debt in excess of 10% of the assessed value of taxable property in the District. At December 31, 2017, the District had not exceeded this statutory limit.

The following is a schedule of future principal debt service requirements:

Year Ending December 31,	<u>General Obligation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 57,000	\$ 33,887	\$ 90,887
2019	59,000	23,643	82,643
2020	61,000	22,847	83,847
2021	63,000	21,916	84,916
2022	65,000	20,827	85,827
2023-2027	363,000	81,241	444,241
2028-2031	338,000	24,452	362,452
Total	<u>\$1,006,000</u>	<u>\$ 228,813</u>	<u>\$ 1,234,813</u>

NOTE 7 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 coverages, retentions, or limits during the year ended December 31, 2017. Settled claims have not exceeded the commercial coverage in any of the previous three fiscal years.

RECREATION DISTRICT NO. 1 OF THE PARISH OF ST. MARTIN

Notes to the Financial Statements

NOTE 8 INTERGOVERNMENTAL REVENUES

Intergovernmental revenues for the year ended December 31, 2017 consisted of the following:

St. Martin Parish Government	\$ 325,000
State revenue sharing	<u>1,790</u>
Total intergovernmental revenues	<u>\$ 326,790</u>

REQUIRED SUPPLEMENTARY INFORMATION

RECREATION DISTRICT NO. 1 OF THE PARISH OF ST. MARTIN

Budgetary Comparison Schedule – General Fund
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Ad valorem taxes	\$ 54,650	\$ 54,650	\$ 62,618	\$ 7,968
Intergovernmental	-	-	326,790	326,790
Interest income	100	100	100	-
Other income	<u>3,300</u>	<u>3,300</u>	<u>1,950</u>	<u>(1,350)</u>
Total revenues	58,050	58,050	391,458	333,408
Expenditures				
Current -				
Culture and recreation				
Advertising	400	400	653	(253)
Landscaping	300	300	-	300
Office supplies	2,600	2,600	2,015	585
Parish pension deduction	-	-	2,051	(2,051)
Professional services	16,000	16,000	17,680	(1,680)
Repairs and maintenance	1,000	1,000	25	975
Utilities and telephone	7,200	7,200	7,680	(480)
Capital outlay	<u>2,000</u>	<u>2,000</u>	<u>709</u>	<u>1,291</u>
Total expenditures	<u>29,500</u>	<u>29,500</u>	<u>30,813</u>	<u>(1,313)</u>
Changes in fund balance	28,550	28,550	360,645	332,095
Fund balance, beginning	<u>223,487</u>	<u>233,876</u>	<u>233,876</u>	<u>-</u>
Fund balance, ending	<u>\$ 252,037</u>	<u>\$ 262,426</u>	<u>\$ 594,521</u>	<u>\$ 332,095</u>

See notes to the required supplementary information.

RECREATION DISTRICT NO. 1 OF THE PARISH OF ST. MARTIN

Notes to the Required Supplementary Information

NOTE 1 BUDGETARY BASIS OF ACCOUNTING

The District prepares and adopts a budget in accordance with Louisiana Revised Statute 39:1301 et seq. The annual budget for the general fund is prepared in accordance with the basis of accounting utilized by that fund.

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

See independent auditor's report.

OTHER SUPPLEMENTARY INFORMATION

RECREATION DISTRICT NO. 1 OF THE PARISH OF ST. MARTIN

Schedule of Compensation, Benefits and Other Payments to Agency Head
For the Year Ended December 31, 2017

Agency Head Name: Charlotte Ratcliff

<u>Purpose</u>	<u>Amount</u>
Reimbursements - Office supplies and postage	\$ 508
Reimbursements - Mileage	226
Reimbursements - Telephone	<u>1,296</u>
Total	<u>\$ 2,030</u>

REQUIREMENTS OF THE
LOUISIANA GOVERNMENTAL AUDIT GUIDE



**Darnall, Sikes
& Frederick**

(A Corporation of Certified Public Accountants)

Eugene H. Darnall, CPA, Deceased 2009
J. Stephen Gardes, CPA, CVA*, Retired 2018

E. Larry Sikes, CPA/PFS, CVA*, CFP®
Danny P. Frederick, CPA
Clayton E. Darnall, CPA, CVA
Eugene H. Darnall, III, CPA
Stephanie M. Higginbotham, CPA
John P. Armato, CPA/PFS
Jennifer S. Ziegler, CPA/PFS, CFP®
Chris A. Miller, CPA, CVA
Steven G. Moosa, CPA
M. Rebecca Gardes, CPA
Joan B. Moody, CPA
Lauren V. Hebert, CPA/PFS
Erich G. Loewer, III, CPA, M.S. Tax
Jeremy C. Meaux, CPA
Stephen R. Dischler, CPA, MBA
Pamela Mayeux Bonin, CPA, CVA
Craig C. Babineaux, CPA/PFS, CFP®
Adam J. Curry, CPA, CFP®
Kyle P. Saltzman, CPA, CFE
Jacob C. Roberie, CPA

**INDEPENDENT ACCOUNTANT’S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

Kevin S. Young, CPA
Christy S. Dew, CPA, MPA
Rachel W. Ashford, CPA
Veronica L. LeBleu, CPA, MBA
Christine Guidry Berwick, CPA, MBA
Brandon L. Porter, CPA
Brandon R. Dunphy, CPA
Robert C. Darnall, CPA, CVA, M.S.
Benjamin J. Baudoin, CPA

* (Emeritus)

To the Board of Commissioners
Recreation District No. 1 of the Parish of St. Martin
Stephensville, Louisiana

We have performed the procedures enumerated below, which were agreed to by the Recreation District No. 1 of the Parish of St. Martin (District) and the Louisiana Legislative Auditor (the specified parties), on the District’s compliance with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire during the year ended December 31, 2017, as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*. The District’s management is responsible for its financial records and compliance with applicable laws and regulations. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Public Bid Law

1. Obtain documentation for all expenditures made during the year for materials and supplies exceeding \$30,000, and public works exceeding \$152,550. Compare the documentation for these expenditures to Louisiana Revised Statute (R.S.) 39:1551-39:1775 (the state procurement code) or R.S. 38:2211-2296 (the public bid law), whichever is applicable; and report whether the expenditures were made in accordance with these laws.

One public works contract was noted during the year that exceeded \$152,550. We examined documentation which indicated that this expenditure had been properly bid in accordance with R.S. 38:2211-2296.

Code of Ethics for Public Officials and Public Employees

2. Obtain a list of the immediate family members of each board member as defined by R.S. 42:1101-1124 (the ethics law).

Management provided listings for two of the five board members.

2000 Kaliste Saloom
Suite 300
Lafayette, LA 70508
Phone: 337.232.3312
Fax: 337.237.3614

1231 E. Laurel Avenue
Eunice, LA 70535
Phone: 337.457.4146
Fax: 337.457.5060

1201 Brashear Avenue
Suite 301
Morgan City, LA 70380
Phone: 985.384.6264
Fax: 985.384.8140

203 S. Jefferson Street
Abbeville, LA 70510
Phone: 337.893.5470
Fax: 337.893.5470

A Member of:
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

www.dsfcpas.com

3. Obtain a list of all employees paid during the fiscal year.

The District has no employees; therefore, no listing was obtained.

4. Report whether any employees' names appear on both lists obtained in Procedures 2 and 3.

The District has no employees; therefore, this step is not applicable.

5. Obtain a list of all disbursements made during the year; and a list of outside business interests of board members, employees, and board members' and employees' immediate families. Report whether any vendors appear on both lists.

Management provided the requested information for two of the five board members. None of the businesses of board members and board members' immediate families appeared as vendors on the list of disbursements. The District has no employees.

Budgeting

6. Obtain a copy of the legally adopted budget and all amendments.

Management provided us with a copy of the original budget. There was no amended budget in current year.

7. Trace documentation for the adoption of the budget and approval of any amendments to the minute book, and report whether there are any exceptions.

We traced adoption of the original budget to documentation in the minutes of the meeting of the District's commissioners held on January 26, 2017. There was no amended budget in current year.

8. Compare the revenues and expenditures of the final budget to actual revenues and expenditures. Report whether actual revenues failed to meet budgeted revenues by 5% or more, and whether actual expenditures exceeded budgeted amounts by 5% or more.

We compared the revenues and expenditures of the final budget to actual revenues and expenditures. Actual revenues exceeded budgeted revenues. Expenditures for the year did not exceed budgeted amounts by more than 5%.

Accounting and Reporting

9. Obtain the list of all disbursements made during the fiscal year. Randomly select six disbursements, and obtain documentation from management for these disbursements. Compare the selected disbursements to the supporting documentation, and:

- a. Report whether the six disbursements agree to the amount and payee in the supporting documentation.

Each of the six selected disbursements agreed with the amount and payee in the supporting documentation.

- b. Report whether the six disbursements were coded to the correct fund and general ledger account.

Each of the six selected disbursements were properly coded to the correct fund and general ledger account.

- c. Report whether the six disbursements were approved in accordance with management's policies and procedures.

Inspection of documentation supporting each of the six selected disbursements indicated approval by appropriate District personnel.

Meetings

10. Obtain evidence from management to support that agendas for meetings recorded in the minute book were posted or advertised as required by R.S. 42:11 through 42:28 (the open meetings law); and report whether there are any exceptions.

Management represented that the District is only required to post a notice of each meeting and the accompanying agenda on the door of the District's office building. Although management has asserted that such documents were properly posted, no evidence was provided to support management's assertion other than copies of the notices and agendas.

Debt

11. Obtain bank deposit slips for the fiscal year, and scan the deposit slips in order to identify and report whether there are any deposits that appear to be proceeds of bank loans, bonds, or like indebtedness. If any such proceeds are identified, obtain from management evidence of approval by the State Bond Commission, and report any exceptions.

We scanned copies of all bank deposit slips for the fiscal year, and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

Advances and Bonuses

12. Obtain the list of payroll disbursements and meeting minutes of the governing board, if applicable. Scan these documents to identify and report whether there are any payments or approval of payments to employees that may constitute bonuses, advance, or gifts.

The District has no employees; therefore, this step is not applicable.

Prior Comments

13. Obtain and report management's representation as to whether any prior-year suggestions, exceptions, recommendations, and/or comments have been resolved.

See the Summary Schedule of Prior Year Findings for the status of prior comments and recommendations.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the United States Comptroller General. 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 the District's

compliance with the foregoing matters. 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 the District's compliance with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire, as required by Louisiana Revised Statute 24:513 and the Louisiana Governmental Audit Guide, 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 is distributed by the Louisiana Legislative Auditor as a public document.

Darnall, Sikes & Frederick
(A Corporation of Certified Public Accountants)

Morgan City, Louisiana
June 22, 2018

**St. Martin Parish Recreation District No. 1
Louisiana Attestation Questionnaire
Year Ended December 31, 2017**

Darnall, Sikes, Gardes & Frederick CPAs
1201 Brashear Ave., #301
Morgan City, Louisiana

In connection with your review of our financial statements as of December 31, 2017 and for the year then ended, and as required by Louisiana Revised Statute (R.S.) 24:513 and the Louisiana Governmental Audit Guide, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of the date noted on the last page of this questionnaire.

Public Bid Law

It is true that we have complied with the public bid law, R.S. Title 38:2211-2296, and, where applicable, the regulations of the Division of Administration and the State Purchasing Office.

Yes [] No []

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of R.S. 42:1101-1124.

Yes [] No []

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of R.S. 42:1119.

Yes [] No []

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (R.S. 39:1301-15), R.S. 39:33, or the budget requirements of R.S. 39:1331-1342, as applicable.

Yes [] No []

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by R.S. 44:1, 44:7, 44:31, and 44:36.

Yes [] No []

We have filed our annual financial statements in accordance with R.S. 24:514, and 33:463 where applicable.

Yes [] No []

We have had our financial statements reviewed in accordance with R.S. 24:513.

Yes [] No []

We have complied with R.S. 24:513 A. (3) regarding disclosure of compensation, reimbursements, benefits and other payments to the agency head, political subdivision head, or chief executive officer.

Yes No

Meetings

We have complied with the provisions of the Open Meetings Law, provided in R.S. 42:11 through 42:28.

Yes No

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and R.S. 39:1410.60-1410.65.

Yes No

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, R.S. 14:138, and AG opinion 79-729.

Yes No

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance that may occur subsequent to the issuance of your report.

Charlotte B. Pettif
Chairperson

1-25-18
Date

Alan M. Taylor
Secretary

1/25/18
Date

RECREATION DISTRICT NO. 1 OF THE PARISH OF ST. MARTIN

Summary Schedule of Prior Year Findings
For the Year Ended December 31, 2017

- 2016-001 Finding: Inadequate segregation of accounting functions
Status: This finding is unresolved. See current year finding 2017-001.
- 2016-002 Finding: Noncompliance with the Louisiana Local Government Budget Act – Requirement to Amend Budget
Status: This finding has been resolved.
- 2016-003 Finding: Noncompliance with the Louisiana Local Government Budget Act – Completion and Submission of Budget
Status: This finding is unresolved. See current year finding 2017-002.
- 2016-004 Finding: Noncompliance with the Louisiana Local Government Budget Act – Adoption and Implementation of Budget
Status: This finding has been resolved.

RECREATION DISTRICT NO. 1 OF THE PARISH OF ST. MARTIN

Schedule of Findings and Responses
For the Year Ended December 31, 2017

The following findings are related to the review of the District's December 31, 2017 financial statements.

2017-001 Inadequate segregation of accounting functions

Criteria: A strong internal control system requires the segregation of responsibilities between different individuals responsible for separate major areas of the accounting system.

Condition: Due to the small number of accounting personnel, the District did not have adequate segregation of functions within its accounting system.

Cause: The failure to design and implement policies and procedures necessary to achieve adequate internal control led to this condition.

Effect: The likelihood that a material misstatement will not be prevented or detected and corrected on a timely basis is increased. The perpetration of fraudulent activity is easier to achieve under this condition.

Recommendation: An analysis of the benefits that would be obtained by adequately segregating functions within the accounting system and the costs to employ additional individuals to achieve adequate segregation should be performed.

Views of Responsible Officials and Planned Corrective Actions: This information is in the District's separate Management's Corrective Action Plan for Current Year Findings.

2017-002 Noncompliance with the Louisiana Local Government Budget Act – Completion and Submission of Budget

Criteria: Louisiana R.S. 39:1306 requires that budgets be completed and submitted to the governing authority of the political subdivision no later than fifteen days prior to the beginning of each fiscal year.

Condition: The proposed budget for the year ended December 31, 2017 was completed and submitted to the governing authority later than fifteen days prior to the beginning of the fiscal year.

Cause: Completion of the budget for the year ended December 31, 2017 and submission to the governing authority was not completed until the fiscal year began.

Effect: Compliance with state statutes is unsubstantiated.

Recommendation: Completion of budgets and submission to the governing authority should be completed timely to demonstrate compliance with state statutes.

Views of Responsible Officials and Planned Corrective Actions: This information is in the District's separate Management's Corrective Action Plan for Current Year Findings.

RECREATION DISTRICT NO. 1 OF THE PARISH OF ST. MARTIN

Management's Corrective Action Plan for Current Year Findings
For the Year Ended December 31, 2017

2017-001 Inadequate segregation of accounting functions

Management's Response and Planned Corrective Action: The District is aware of the condition and has determined that based upon the size of the District and the negative cost-benefit consideration of employing additional personnel, it is not feasible to take the steps necessary to achieve complete segregation of duties.

Name and Title of Contact Person: Alan Taylor, CPA, Secretary

2017-002 Noncompliance with the Louisiana Local Government Budget Act – Completion and Submission of Budget

Management's Response and Planned Corrective Action: The District concurs with this finding. The proposed operating budget for the 2017 year was prepared for adoption at the Board's November 2016 meeting. However, the meeting was not held due to the lack of quorum. The District failed to include the matter in its December meeting agenda. As a result, the District's implemented budget was formally adopted in January 2017. In the future, the District anticipates continuation of submission of the proposed operating budget no later than the November meeting which will ensure the requirement that actions to implement the proposed budget be completed no later than fifteen days prior to the beginning of the applicable fiscal year. Additionally, the District will ensure that all agenda items for meetings which may not be acted upon are considered for inclusion as agenda items in future meetings.

Name and Title of Contact Person: Alan Taylor, CPA, Secretary

Anticipated Completion Date: Year ending December 31, 2018