

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

Bayou Vista, Louisiana

Year Ended September 30, 2018

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KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA*
Victor R. Slaven, CPA*
Gerald A. Thibodeaux, Jr., CPA*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*
Brad E. Kolder, CPA, JD*
Stephen J. Anderson, CPA*
Christine C. Doucet, CPA
Wanda F. Arcement, CPA, CVA
Bryan K. Joubert, CPA
Matthew E. Margaglio, CPA
Casey L. Ardoin, CPA, CFE

183 S. Beadle Rd. 11929 Bricksome Ave.
Lafayette, LA 70508 Baton Rouge, LA 70816
Phone (337) 232-4141 Phone (225) 293-8300

1428 Metro Dr. 450 E. Main St.
Alexandria, LA 71301 New Iberia, LA 70560
Phone (318) 442-4421 Phone (337) 367-9204

200 S. Main St. 1234 David Dr. Ste. 203
Abbeville, LA 70510 Morgan City, LA 70380
Phone (337) 893-7944 Phone (985) 384-2020

434 E. Main St. 332 W. Sixth Ave.
Ville Platte, LA 70586 Oberlin, LA 70655
Phone (337) 363-2792 Phone (337) 639-4737

* A Professional Accounting Corporation

WWW.KCSRPCAS.COM

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Recreation District No. 3 of the Parish of St. Mary (hereinafter "District"), a component unit of the Parish of St. Mary as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the budgetary comparison information on pages 26 and 27 because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The District has omitted management's discussion and analysis that accounting principles generally accepted in the United States of American require to be presented to supplement the basic financial statements. Such missing information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of ad valorem taxes collected on page 29 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on that information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2019, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
February 25, 2019

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

Statement of Net Position
September 30, 2018

	<u>Governmental Activities</u>
ASSETS	
Cash and interest-bearing deposits	\$ 197,970
Receivables, net	8,317
Prepaid expenses	28,213
Capital assets:	
Land and construction in progress	268,607
Other, net of accumulated depreciation	4,653,421
Deposits	<u>375</u>
TOTAL ASSETS	<u>5,156,903</u>
LIABILITIES	
Accounts, salaries, and other payables	18,607
Long term liabilities:	
Due within one year	253,000
Due in more than one year	<u>1,158,000</u>
TOTAL LIABILITIES	<u>1,429,607</u>
NET POSITION	
Net investment in capital assets	3,507,479
Restricted for -	
Capital projects	2,322
Debt service	3,520
Unrestricted	<u>213,975</u>
TOTAL NET POSITION	<u>\$ 3,727,296</u>

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

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

Statement of Activities
Year Ended September 30, 2018

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
General government	\$ 841,697	\$ 77,384	\$ 81,355	\$ (682,958)
Interest on debt	<u>65,029</u>	-	-	<u>(65,029)</u>
Total governmental activities	<u>\$ 906,726</u>	<u>\$ 77,384</u>	<u>\$ 81,355</u>	<u>(747,987)</u>
General revenues:				
Taxes:				
Property taxes, levied for maintenance and debt service				582,503
Interest and investment earnings				518
Other income				<u>68,116</u>
Total general revenues				<u>651,137</u>
Change in net position				(96,850)
Net position - October 1, 2017				<u>3,824,146</u>
Net position - September 30, 2018				<u>\$ 3,727,296</u>

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

FUND FINANCIAL STATEMENTS

MAJOR FUND DESCRIPTION

General Fund

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

Capital Projects Fund

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

Debt Service Fund

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

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

Balance Sheet
Governmental Funds
September 30, 2018

	General	Capital Project	Debt Service	Total Governmental Funds
ASSETS				
Assets:				
Cash and interest-bearing deposits	190,028	\$ 4,422	\$ 3,520	\$ 197,970
Receivables	8,317	-	-	8,317
Prepaid expenditures	28,213	-	-	28,213
Deposits	375	-	-	375
 Total assets	 \$ 226,933	 \$ 4,422	 \$ 3,520	 \$ 234,875
LIABILITIES				
Liabilities:				
Accounts payable	\$ 8,921	\$ 2,100	\$ -	\$ 11,021
Accrued liabilities	2,840	-	-	2,840
Total liabilities	11,761	2,100	-	13,861
FUND BALANCES				
Fund balances:				
Nonspendable	28,213	-	-	28,213
Restricted	-	2,322	3,520	5,842
Unassigned	186,959	-	-	186,959
Total fund balance	215,172	2,322	3,520	221,014
 Total liabilities, deferred inflows of resources, and fund balances	 \$ 226,933	 \$ 4,422	 \$ 3,520	 \$ 234,875

(continued)

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

Balance Sheet (continued)
Governmental Funds
September 30, 2018

Reconciliation of the governmental funds' balance sheet to the statement of net position:

Total fund balances for governmental funds at September 30, 2018	\$ 221,014
Total net position reported for governmental activities in the statement of net position is different because:	
Capital assets, net of accumulated depreciation	4,922,028
Bonds payable	(1,411,000)
Accrued interest payable	(3,549)
Compensated absences not expected to be liquidated with expendable available financial resources	<u>(1,197)</u>
Net position at September 30, 2018	<u>\$ 3,727,296</u>

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

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

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended September 30, 2018

	General	Capital Project	Debt Service	Total Governmental Funds
Revenues:				
Local sources-				
Intergovernmental	\$ 100,067	\$ -	\$ -	\$ 100,067
Ad valorem taxes	479,190	-	103,313	582,503
Fee and charges for services	77,384	-	-	77,384
Investment earnings	358	2	158	518
Other income	68,341	-	-	68,341
Total revenues	<u>725,340</u>	<u>2</u>	<u>103,471</u>	<u>828,813</u>
Expenditures:				
Current -				
Ad valorem tax deductions	15,902	-	3,423	19,325
General government	368,550	-	1,262	369,812
Repairs and maintenance	36,652	-	-	36,652
Professional fees	18,125	-	-	18,125
Utilities	56,064	-	-	56,064
Capital outlay	160,257	-	-	160,257
Debt service -				
Bond issuance costs	-	-	18,930	18,930
Interest and fees	-	-	46,042	46,042
Principal	-	-	364,000	364,000
Total expenditures	<u>655,550</u>	<u>-</u>	<u>433,657</u>	<u>1,089,207</u>
Excess/(Deficiency) of revenues over expenditures	<u>69,790</u>	<u>2</u>	<u>(330,186)</u>	<u>(260,394)</u>
Other financing sources (uses):				
Proceeds of refunding bonds	-	-	1,027,000	1,027,000
Payments to bond escrow agent	-	-	(1,005,000)	(1,005,000)
Transfers in	-	-	311,459	311,459
Transfers out	<u>(311,459)</u>	<u>-</u>	<u>-</u>	<u>(311,459)</u>
Total other financing sources (uses)	<u>(311,459)</u>	<u>-</u>	<u>333,459</u>	<u>22,000</u>
Net change in fund balances	(241,669)	2	3,273	(238,394)
Fund balances, beginning	<u>456,841</u>	<u>2,320</u>	<u>247</u>	<u>459,408</u>
Fund balances, ending	<u>\$ 215,172</u>	<u>\$ 2,322</u>	<u>\$ 3,520</u>	<u>\$ 221,014</u>

(continued)

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

Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)
Governmental Funds
Year Ended September 30, 2018

Reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities:

Total net changes in fund balances for the year ended September 30, 2018 per Statement of Revenues, Expenditures and Changes in Fund Balances	\$ (238,394)
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The change in net position reported for governmental activities in the statement of activities is different because:

Proceeds of refunding bonds	(1,027,000)
Payments to bond escrow agent	1,005,000
Principal payments	364,000
Change in accrued interest	(57)
Change in compensated absences	2,395
Capital outlay	160,257
Depreciation expense	(343,363)
Net effect of various miscellaneous capital assets transactions (i.e., sales, trade-ins, and donations).	(976)
Grant revenues reported as revenues in a prior year	<u>(18,712)</u>
Total changes in net position for the year ended September 30, 2018 per Statement of Activities	<u><u>\$ (96,850)</u></u>

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

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

Notes to Financial Statements

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

(1) Summary of Significant Accounting Policies

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

A. Reporting Entity

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

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

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

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

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

Notes to Financial Statements (continued)

B. Basis of Presentation

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

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

Notes to Financial Statements (continued)

Governmental Funds –

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

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

Debt Service Fund – the debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

C. Capital Assets

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$500 or more for capitalizing assets.

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

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

D. Measurement Focus/Basis of Accounting

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

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

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

Notes to Financial Statements (continued)

Revenues

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

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

Substantially all other revenues are recorded when received.

Expenditures

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

E. Cash

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

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

F. Investments

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

G. Prepaid Items

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

H. Interfund Receivables and Payables

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

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

Notes to Financial Statements (continued)

I. Compensated Absences

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

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

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

J. Equity Classifications

Government-wide financial statements

Equity is classified as net position and displayed in three components

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

Fund financial statements

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

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

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

Notes to Financial Statements (continued)

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

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Commissioners have provided otherwise in its commitment or assignment actions.

K. Capitalized Interest

The District capitalizes interest costs and interest earned as part of the cost of constructing various projects when material. The District capitalized no interest for the year ended September 30, 2018.

(2) Cash and Interest-Bearing Deposits

Under state law, the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The District may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At September 30, 2018, the District has cash and interest-bearing deposits (book balances) totaling \$197,970 as follows:

	Governmental Activities
Cash and interest-bearing deposits	\$ 194,450
Money market accounts	3,520
Total	\$ 197,970

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

Notes to Financial Statements (continued)

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at September 30, 2018 are as follows:

Bank balances	\$ <u>211,836</u>
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At September 30, 2018 the deposits are secured as follows:

Federal Deposit Insurance	208,316
Securities Investor Protection Corporation Insured	<u>3,520</u>
Total insured and secured	<u>\$ 211,836</u>

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the District's deposits may not be recovered or the collateral securities that are in the possession of an outside party will not be recovered. The District does not have a policy to monitor or attempt to reduce exposure to custodial credit risk. Since the District's bank balances were fully secured by deposit insurance, the District's deposits were not exposed to custodial credit risk.

(3) Ad Valorem Taxes

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

For the year ended September 30, 2018, taxes of 8.78 mills were levied on property with assessed valuations totaling \$70,579,455 and were dedicated as follows:

Maintenance and operations	7.28
Debt service	1.50

Total taxes collected were \$582,503.

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

Notes to Financial Statements (continued)

(4) Capital Assets

Capital asset activity for the year ended September 30, 2018 was as follows:

	Balance <u>10/01/17</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>09/30/18</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 268,607	\$ -	\$ -	\$ 268,607
Construction in progress	84,647	147,409	(232,056)	-
Capital assets, being depreciated:				
Buildings	2,402,479	232,056	-	2,634,535
Recreational facilities and playground equipment	3,793,108	-	-	3,793,108
Ball parks	472,048	-	-	472,048
Equipment	487,043	9,672	(10,045)	486,670
Furniture	22,485	3,176	-	25,661
Total	<u>7,530,417</u>	<u>392,313</u>	<u>(242,101)</u>	<u>7,680,629</u>
Less: accumulated depreciation				
Buildings	1,122,245	95,597	-	1,217,842
Recreational facilities and playground equipment	657,146	187,723	-	844,869
Ball parks	335,404	19,207	-	354,611
Equipment	289,276	40,332	(9,069)	320,539
Furniture	20,236	504	-	20,740
Total	<u>2,424,307</u>	<u>343,363</u>	<u>(9,069)</u>	<u>2,758,601</u>
Net capital assets	<u>\$ 5,106,110</u>	<u>\$ 48,950</u>	<u>\$ (233,032)</u>	<u>\$ 4,922,028</u>

Depreciation expense in the amount of \$343,363 was charged to general government.

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

Notes to Financial Statements (continued)

(5) Accounts, Salaries, and Other Payables

The accounts, salaries, and other payables consisted of the following at September 30, 2018:

	Governmental Activities
Accounts payable	\$ 8,921
Salaries, benefits, and taxes payable	4,037
Accrued interest payable	3,549
Retainage payable	2,100
Total	\$ 18,607

(6) Long Term Liabilities

Bonds payable at September 30, 2018 are comprised of the following issues:

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

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

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

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

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

Notes to Financial Statements (continued)

During year ended September 30, 2018, the following changes occurred in noncurrent liabilities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
General obligation debt -					
Series 2003	\$ 245,000	\$ -	\$ (245,000)	\$ -	\$ -
Series 2005	77,000	-	(23,000)	54,000	24,000
Series 2010	385,000	-	(55,000)	330,000	60,000
Refunding, Series 2018	-	215,000	-	215,000	42,000
Limited tax bonds -					
Series 2013	795,000	-	(795,000)	-	-
Refunding, Series 2018	-	812,000	-	812,000	127,000
Certificate of indebtedness -					
Series 2014	251,000	-	(251,000)	-	-
Compensated absences	3,592	5,160	(7,555)	1,197	-
	<u>\$ 1,756,592</u>	<u>\$ 1,032,160</u>	<u>\$(1,376,555)</u>	<u>\$ 1,412,197</u>	<u>\$ 253,000</u>

The following is a schedule of debt requirements at September 30, 2018:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	253,000	40,689	\$ 293,689
2020	257,000	32,879	289,879
2021	247,000	24,744	271,744
2022	251,000	16,786	267,786
2023	256,000	8,690	264,690
2024 - 2027	147,000	2,341	149,341
	<u>\$ 1,411,000</u>	<u>\$ 126,129</u>	<u>\$ 1,537,129</u>

(7) Retirement System

During the year ended September 30, 2018, all of the District's employees participated in the Social Security System. For the year ended September 30, 2018, the District contributed \$15,625 for the benefit of its employees. In addition, qualified employees also belong to a SEP/IRA Retirement Plan that was established by the District during the year ended September 30, 2002. The District contributes 5% of the gross wages of each qualified employee to their individual SEP/IRA Retirement Plan account on a monthly basis. The District contributed \$4,946, \$4,595, and \$5,033, to the SEP/IRA Retirement Plan during the year ended September 30, 2018, 2017, and 2016, respectively.

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

Notes to Financial Statements (continued)

(8) Fund Balance

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

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Totals</u>
Fund balances:				
Nonspendable -				
Prepaid items	\$ 28,213	\$ -	\$ -	\$ 28,213
Restricted for -				
Capital projects	-	2,322	-	2,322
Debt retirement	-	-	3,520	3,520
Total fund balances - reserved	<u>-</u>	<u>2,322</u>	<u>3,520</u>	<u>5,842</u>
Unassigned	<u>186,959</u>	<u>-</u>	<u>-</u>	<u>186,959</u>
Total fund balances	<u>\$ 215,172</u>	<u>\$ 2,322</u>	<u>\$ 3,520</u>	<u>\$ 221,014</u>

(9) Related Party Transactions

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

The Parish transferred \$100,067 to the District for operations and maintenance of its facilities. Such transfers are recognized as a component of revenue in the general fund of the District's fund financial statements as Intergovernmental Revenue.

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

Notes to Financial Statements (continued)

(10) Compensation Paid To Board Members

The schedule of compensation paid to the board of Commissioners for the period ended September 30, 2018 in compliance with Louisiana Revised Statute 33:4572(B):

	<u>Per Diem Received</u>
Dan Irwin, Chairman	90
Lane Boudreaux	110
Diane Irwin	80
Calvin Johnson	120
Brian Head	<u>10</u>
Total	<u><u>410</u></u>

Act 706 of the 2014 Legislative Session amended RS 24:513A requiring additional disclosure of total compensation, reimbursements, benefits, or other payments made to an agency head or chief officer. For the year ended September 30, 2018 the District's chief officer, Dan Irwin, received \$90 in per diem payments.

(11) Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has elected to purchase insurance coverage through the commercial insurance market to cover its exposure to loss. The District is insured up to policy limits for each of the above risks. There were no significant changes in coverage, retentions, or limits during the year ended September 30, 2018. Settled claims have not exceeded the commercial coverage in any of the previous three fiscal years.

(12) Intergovernmental Agreements

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

REQUIRED SUPPLEMENTARY INFORMATION

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

Budgetary Comparison Schedule
General Fund
Year Ended September 30, 2018

	Budgeted Amounts		Actual	Variance -
	Original	Final		Favorable (Unfavorable)
Revenues:				
Grant - Parish Council	\$ 100,000	\$ 100,000	\$ 100,067	\$ 67
Ad valorem taxes	635,000	463,000	479,190	16,190
Other Income	500	-	68,341	68,341
Fees and charges for services	94,000	75,300	77,384	2,084
Interest income	700	350	358	8
Total revenues	<u>830,200</u>	<u>638,650</u>	<u>725,340</u>	<u>86,690</u>
Expenditures:				
Current -				
Ad valorem tax deductions	-	-	15,902	(15,902)
General government	398,440	378,840	368,550	10,290
Repairs and maintenance	82,500	47,000	36,652	10,348
Professional fees	16,000	18,000	18,125	(125)
Utilities	56,000	59,000	56,064	2,936
Capital outlay	-	-	160,257	(160,257)
Total expenditures	<u>552,940</u>	<u>502,840</u>	<u>655,550</u>	<u>(152,710)</u>
Excess (deficiency) of revenue over expenditures	277,260	135,810	69,790	(66,020)
Other financing sources (uses):				
Transfers out	<u>(270,000)</u>	<u>(270,000)</u>	<u>(311,459)</u>	<u>(41,459)</u>
Net change in fund balance	7,260	(134,190)	(241,669)	(107,479)
Fund balance, beginning	<u>456,841</u>	<u>456,841</u>	<u>456,841</u>	<u>-</u>
Fund balance, ending	<u>\$ 464,101</u>	<u>\$ 322,651</u>	<u>\$ 215,172</u>	<u>\$ (107,479)</u>

See accompanying notes to budgetary comparison schedule.

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

Notes to Budgetary Comparison Schedule

(1) Budgetary Practices

Annually, the District adopts a budget for the General Fund. The budgetary practices include public notice of the proposed budget, public inspection of the proposed budget, and public hearings on the budget. Budgeted amounts are as originally adopted or as finally amended by the District.

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

(2) Excess of Expenditures Over Appropriations

For the year ended September 30, 2018, expenditures exceeded appropriations in the General Fund by \$152,710. These excess expenditures were covered by available fund balance.

(3) Actual Expenditures Exceed Budgeted Expenditures

For the year ended September 30, 2018, actual expenditures exceeded budgeted expenditures in the General Fund by more than 5%.

OTHER SUPPLEMENTARY INFORMATION

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

Schedule of Ad Valorem Taxes Collected
Year Ended September 30, 2018

<u>Year Ended September 30,</u>	<u>Millage</u>	<u>Taxes Collected</u>	<u>Amount Collected Per Millage</u>
2003	9.5	\$ 239,274	\$ 25,187
2004	9.5	240,568	25,323
2005	9.36	264,294	28,237
2006	9.36	245,908	26,272
2007	9.36	309,526	33,069
2008	9.36	404,687	43,236
2009	9.36	483,137	51,617
2010	9.36	554,352	59,226
2011	9.36	621,137	66,361
2012	9.36	820,602	87,671
2013	8.78	871,760	99,289
2014	8.78	748,487	85,249
2015	8.78	797,588	90,841
2016	8.78	809,400	92,187
2017	8.78	803,195	91,480
2018	8.78	582,503	66,344

INTERNAL CONTROL, COMPLIANCE AND OTHER MATTERS

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA*
Victor R. Slaven, CPA*
Gerald A. Thibodeaux, Jr., CPA*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*
Brad E. Kolder, CPA, JD*
Stephen J. Anderson, CPA*
Christine C. Doucet, CPA
Wanda F. Arcement, CPA, CVA
Bryan K. Joubert, CPA
Matthew E. Margaglio, CPA
Casey L. Ardoin, CPA, CFE

183 S. Beadle Rd.
Lafayette, LA 70508
Phone (337) 232-4141

11929 Bricksome Ave.
Baton Rouge, LA 70816
Phone (225) 293-8300

1428 Metro Dr.
Alexandria, LA 71301
Phone (318) 442-4421

450 E. Main St.
New Iberia, LA 70560
Phone (337) 367-9204

200 S. Main St.
Abbeville, LA 70510
Phone (337) 893-7944

1234 David Dr. Ste. 203
Morgan City, LA 70380
Phone (985) 384-2020

434 E. Main St.
Ville Platte, LA 70586
Phone (337) 363-2792

332 W. Sixth Ave.
Oberlin, LA 70655
Phone (337) 639-4737

* A Professional Accounting Corporation

WWW.KCSRPCAS.COM

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

Members of the Board of Commissioners
Recreation District No. 3 of the Parish of St. Mary
Bayou Vista, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Recreation District No. 3 of the Parish of St. Mary (hereinafter "District"), a component unit of the Parish of St. Mary, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 25, 2019.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, we identified deficiencies in internal control that we consider to be material weaknesses, and which are described in the accompanying schedule of audit results and findings as items 2018-001, 2018-002, 2018-003, 2018-004, 2018-005, and 2018-006.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of audit results and findings as items 2018-007 and 2018-008.

District's Response to Findings

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

Purpose of this Report

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

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
February 25, 2019

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

Schedule of Audit Results and Findings
Year Ended September 30, 2018

Part I. Summary of Auditor's Results:

Unmodified opinions have been issued on the financial statements of the District's governmental activities and each major fund (General Fund, Capital Projects Fund, and Debt Service Fund).

Six (6) deficiencies in internal control were disclosed by the audit of the financial statements which are considered to be material weaknesses. No significant deficiencies were reported.

Two (2) instances of noncompliance required to be reported in accordance with *Government Auditing Standards* are presented in Part II of this schedule.

A management letter was issued.

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

A. Internal Control Findings-

2018-001 – Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

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

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

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

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

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

Schedule of Audit Results and Findings (continued)
Year Ended September 30, 2018

2018-002 – Financial Reporting

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

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

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

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

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

2018-003 - Bank Reconciliations

CONDITION: Bank reconciliations were not properly prepared.

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

CAUSE: The cause of this condition is the failure of the District to review the propriety of reconciling items on bank reconciliations.

EFFECT: Errors in the District's general ledger cash balances were not able to be detected by the District.

RECOMMENDATION: We recommend that the District implement policies and procedures to ensure that bank reconciliations are properly prepared.

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

Schedule of Audit Results and Findings (continued)
Year Ended September 30, 2018

2018-004 - Hours Worked Not Documented for All Employees

CONDITION: Documentation of hours worked could not be provided for one employee for three months of the fiscal year.

CRITERIA: Article VII, Section 14(a) of the Louisiana Constitution of 1974 states, in part:

“Except as otherwise provided in the Constitution, the funds, credit, property, or things of value of the state or of any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private”.

CAUSE: The cause of this condition is a failure to document actual hours worked.

EFFECT: The District may be in violation of Article VII, Section 14 of the Louisiana Constitution.

RECOMMENDATION: We recommend that the District institute written policies and procedures regarding documentation of hours worked by all employees to ensure compliance with constitutional prohibitions and related statutes and that such policies and procedures be presented to and adopted by the District’s Board of Commissioners.

2018-005 – Monitoring Revenue

CONDITION: The District did not appropriately monitor revenue, resulting in credit card payments accepted by District personnel not recorded on the District’s accounting records or received from the credit card vendor.

Additionally, certain rental contracts could not be provided for rentals recorded in the bookings calendar. Certain rental contracts tested were let at rates that deviated from the board established rental rates.

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

CAUSE: The District did not utilize established procedures to reconcile revenue collections to general ledger activity and cash collected.

EFFECT: Revenues reported on financial statements may be understated.

RECOMMENDATION: The District should ensure that all revenue reconciliation procedures are followed and that all revenues collected are appropriately recorded and received.

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

Schedule of Audit Results and Findings (continued)
Year Ended September 30, 2018

2018-006 – Concession Stand Revenues

CONDITION: Certain days of concession stand revenue could not be reconciled due to improper inventory counts performed, improperly performed reconciliations, and missing register activity (Z closeout) reports.

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

CAUSE: The District did not utilize established procedures to reconcile concession revenue collections to inventory counts, general ledger activity, and cash collected.

EFFECT: Revenues reported on financial statements may be understated.

RECOMMENDATION: The District should ensure that all concession revenue reconciliation procedures are followed and that all revenues collected are appropriately recorded and received.

B. Compliance Findings-

2018-007 – Local Government Budget Act

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

CRITERIA: RS 39:1311 et seq, Budgetary Authority and Control, provides for the following:

“A. The adopted budget and any duly authorized adopted amendments shall form the framework from which the chief executive or administrative officers and members of the governing authority of the political subdivision shall monitor revenues and control expenditures. The chief executive or administrative officer shall advise the governing authority or independently elected official in writing when:

- (1) Total revenue and other sources plus projected revenue and other sources for the remainder of the year, within a fund, are failing to meet total budgeted revenues and other sources by five percent or more.
- (2) Total actual expenditures and other uses plus projected expenditures and other uses for the remainder of the year, within a fund, are exceeding the total budgeted expenditures and other uses by five percent or more.
- (3) Actual beginning fund balance, within a fund, fails to meet estimated beginning fund balance by five percent or more and beginning fund balance is being used to fund current expenditures.”

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

Schedule of Audit Results and Findings (continued)
Year Ended September 30, 2018

CAUSE: The condition results from a failure to comply the Louisiana Local Government Budget Act.

EFFECT: The District may not be in compliance with certain provisions of RS 39:1301 et seq, the Local Government Budget Act.

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

2018-008 – Failure to Publish Minutes

CONDITION: The District did not publish minutes for all of its public meetings in the District's official journal.

CRITERIA: RS 42:20 states that all public bodies shall keep written minutes of all open meetings. It further states that the minutes shall be public records and shall be available within a reasonable time after the meeting and published in the public body's official journal.

CAUSE: Minutes were not published in the official journal.

EFFECT: The failure to make written minutes available as public records within a reasonable period of time after the open meeting may be a violative of RS 42:20.

RECOMMENDATION: We recommend that the District publish minutes of its open meetings in its official journal.

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

The requirements of the Uniform Guidance are not applicable.

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

Summary Schedule of Prior Audit Findings
Year Ended September 30, 2018

A. Internal Control –

2017-001 – Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

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

CURRENT STATUS: See schedule of audit results and findings, item 2018-001

2017-002 – Financial Reporting

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

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

CURRENT STATUS: See schedule of audit results and findings, item 2018-002.

B. Compliance –

2017-003 – Local Government Budget Act

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

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

CURRENT STATUS: See schedule of audit results and findings, item 2018-006.

2017-004 – Failure to Publish Minutes

CONDITION: The District did not publish minutes for all of its public meetings in the District's official journal.

RECOMMENDATION: We recommend that the District publish minutes of its open meetings in its official journal.

CURRENT STATUS: See schedule of audit results and findings, item 2018-007.

C. Uniform Guidance –

This section was not applicable.

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

Summary Schedule of Prior Audit Findings (continued)
Year Ended September 30, 2018

D. Management Letter -

2017-ML-1 Disposal of Property

CONDITION: District failed to ascertain fair market value of movable property with original cost of less than \$5,000 and set minimum price for sale of same. Louisiana Revised Statute La. R.S. 33:4712(F) authorizes a municipality to sell movable property that has an appraised value of \$5,000 or less at private sale once a resolution is passed giving the reasons for the action and setting the minimum price and terms of the sale. In addition, notice of the resolution and proposed sale must be published at least 15 days prior to the date of the sale and the sale must be made to the highest bidder.

RECOMMENDATION: The board of commissioners should comply with the requirements of RS 33:4712(F) by establishing a fair value of surplus moveable property and setting a minimum sale price that consummates the property's fair value prior to advertising the property for sale.

CURRENT STATUS: The condition did not reoccur.

CORRECTIVE ACTION PLAN FOR CURRENT AUDIT FINDINGS

APPENDIX A

Recreation District No. 3 of the Parish of St. Mary
Bayou Vista Community Center
1333 Belleview St.
Morgan City, LA 70392
(985) 395-6552

February 21, 2019

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

The Recreation District No. 3 of the Parish of St. Mary respectfully submits the following corrective action plan for our year ended September 30, 2018:

Person Responsible: Dan Irwin
Chairman
Recreation District No. 3 of the Parish of St. Mary
Time for completion: September 30, 2019

Report Findings:

2018-001 – Segregation of Duties

Our auditor noted that accounting and financial functions are not adequately segregated.

Corrective Action: We will constantly monitor the activity of the employees in an effort to minimize any errors or omissions.

2018-002 – Financial Reporting

Our auditor noted management and staff lack the expertise and/or experience in the selection and application of generally accepted accounting principles, as applicable to governmental entities, in the financial statement preparation process.

Corrective Action: We will constantly monitor the activity of the employees in an effort to minimize errors and omissions.

2018-003 – Bank Reconciliations

Our auditor noted that bank reconciliations were not properly prepared.

Corrective Action: We will ensure that employees perform monthly bank reconciliations for all of our accounts in accordance with written policies and procedures.

2018-004 – Hours Worked Not Documented for All Employees

Our auditor noted that hours worked could not be provided for one employee for three months of the fiscal year.

Corrective Action: We will ensure that daily time records are maintained for all employees in accordance with our written policies.

2018-005 – Monitoring Revenue

Our auditor noted that the revenue was not properly monitored resulting in credit card payments accepted that were not recorded on our accounting records. Also noted was that rental contracts could not be provided for certain events recorded in the bookings calendar and that some contracts were let at rates that deviated from the board established rental rates.

Corrective Action: We will review our written cash collection policy and procedures and update policies as appropriate to ensure that all revenue collections are appropriately reconciled. We will also ensure that contracts are completed for all rentals held at our facilities and that rates charged agree to board established rates.

2018-006 – Concession Stand Revenues

Our auditor noted that concession stand revenues testing could not be performed due to improper inventory counts, improperly performed revenue reconciliations, and missing cash register activity reports.

Corrective Action: We will ensure that concession stand revenue reconciliation procedures are implemented that include proper inventory counts compared to cash register activity reports and general ledger activity.

2018-007 – Local Government Budget Act

Our auditor noted the District incurred budget variances in excess of 5% in the General Fund.

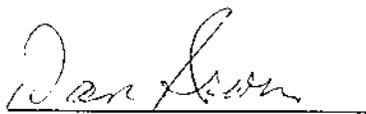
Corrective Action: We will follow written policies and procedures to ensure that our budget is monitored and amended as appropriate to ensure budget variances in excess of 5% do not occur.

2018-008 – Failure to Publish Minutes

Our auditor noted the District did not publish minutes for all of its public meetings in the District's official journal.

Corrective Action: We will implement policies and procedures to ensure we publish minutes of our open meetings in our official journal.

Sincerely



Dan Irwin

Chairman

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

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA*
Victor R. Slaven, CPA*
Gerald A. Thibodeaux, Jr., CPA*
Robert S. Carter, CPA*
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Bryan K. Joubert, CPA
Matthew E. Margaglio, CPA
Casey L. Ardoin, CPA, CFE

183 S. Beadle Rd. 11929 Bricksome Ave.
Lafayette, LA 70508 Baton Rouge, LA 70816
Phone (337) 232-4141 Phone (225) 293-8300

1428 Metro Dr. 450 E. Main St.
Alexandria, LA 71301 New Iberia, LA 70560
Phone (318) 442-4421 Phone (337) 367-9204

200 S. Main St. 1234 David Dr. Ste. 203
Abbeville, LA 70510 Morgan City, LA 70380
Phone (337) 893-7944 Phone (985) 384-2020

434 E. Main St. 332 W. Sixth Ave.
Ville Platte, LA 70586 Oberlin, LA 70655
Phone (337) 363-2792 Phone (337) 639-4737

* A Professional Accounting Corporation

WWW.KCSRPCAS.COM

MANAGEMENT LETTER

To the Board of Commissioners
Recreation District No. 3 of the Parish of St. Mary
Bayou Vista, LA 70380

We have audited the financial statements of the governmental activities and each major fund of Recreation District No. 3 of the Parish of St. Mary (hereinafter "District") as of and for the year ended September 30, 2018 and have issued our report thereon dated February 25, 2019.

In planning and performing our audit of the financial statements of the District, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing out opinion on the financial statements but not for the purpose of expressing and opinion on the effectiveness of the District's internal control or on its compliance with provisions of laws, regulations, contracts, and grant agreements and other matters. Accordingly, we do not express an opinion on the effective of the District's internal control or on compliance.

During our audit we noted certain matters involving internal control or compliance that are summarized below for your consideration. These comments and the related recommendations are intended to improve the District's internal control and its compliance with laws, regulations, contracts, and grant agreements and other matters. Our comments are not intended to reflect upon the ability or integrity of the District's personnel.

2018-ML-1 Miscalculated Overtime Rate

The overtime rate paid to one employee was miscalculated resulting in an overpayment of compensation.

Article VII, Section 14(a) of the Louisiana Constitution of 1974 states, in part:

"Except as otherwise provided in the Constitution, the funds, credit, property, or things of value of the state or of any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private".

We recommend that the District ensure that accurate pay rates are calculated, and compensation is paid to employees in accordance with state statute.

2018-ML-2 Credit Card Purchases and Fees Do Not Indicate Public Purpose or Appropriate Management Review

The District did not document public purpose of certain credit card purchases. Invoices could not be provided for certain transactions listed on the associated monthly statement.

Fees charged to the District associated with the District's acceptance of credit cards as a form of payment were not reviewed by management or appropriately reconciled to the associated transactions and bank statement.

Article VII, Section 14(a) of the Louisiana Constitution of 1974 states, in part:

“Except as otherwise provided in the Constitution, the funds, credit, property, or things of value of the state or of any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private”.

We recommend the District ensure that all invoices for credit card purchases include appropriate documentation of public purpose and be reconciled to the monthly credit card statements. The District should also develop and implement procedures to ensure that fees charged to the District associated with the acceptance of credit card payments are appropriate and supported by credit card payments received by the District.

KOLDER, SLAVEN & COMPANY, LLC
Certified Public Accountants

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

Bayou Vista Community Center

1333 Belleview St.

Morgan City, LA 70392

(985) 395-6552

February 21, 2019

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

The Recreation District No. 3 of the Parish of St. Mary respectfully submits the following corrective action plan for our year ended September 30, 2018:

Person Responsible: Dan Irwin
Chairman
Recreation District No. 3 of the Parish of St. Mary

Time for completion: September 30, 2019

Management Letter Findings:

2018-ML-1 – Miscalculated Overtime Rate

Our auditor noted that the overtime rate of one employee was miscalculated resulting in an overpayment of compensation.

Corrective Action: We will review all employees current regular and overtime rates to ensure compensation is paid to employees in accordance with state statute.

2018-ML-2 – Credit Card Purchases and Fees Do Not Indicate Public Purpose or Appropriate Management Review

Our auditor noted that the we did not document public purpose for certain credit card purchases and that invoices could not be provided for certain transactions. Also noted was fees charged to the District associated with our acceptance of credit cards as a form of payment were not reviewed by management or appropriately reconciled to the associated transactions and bank statement.

Corrective Action: We will ensure that all purchases appropriately document public purpose and invoices are retained. We will also ensure that management reviews fee statements and fees are reconciled to the associated transactions on the bank statement.

Sincerely



Dan Irwin
Chairman
Recreation District No. 3 of the Parish of St. Mary

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

Statewide Agreed-Upon Procedures

Fiscal period October 1, 2017 through September 30, 2018

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES TO CONTROL AND COMPLIANCE AREAS IDENTIFIED BY THE LOUISIANA LEGISLATIVE AUDITOR

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

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the Recreation District No. 3 of the Parish of St. Mary District (hereinafter "District") and the Louisiana Legislative Auditor (LLA) to the control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period October 1, 2017 through September 30, 2018. The District's management is responsible for those control and compliance areas identified in the SAUPs.

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 below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated exceptions are as follows:

Written Policies and Procedures

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

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

Written policies and procedures were obtained and address the categories and subcategories noted above.

- 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.

Written policies and procedures were obtained and address the categories and subcategories noted above.

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

Written policies and procedures were obtained and address the categories and subcategories noted above.

- 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 were obtained and address the categories and subcategories noted above.

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

Written policies and procedures were obtained and address the categories and subcategories noted above.

- 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.

Written policies and procedures were obtained and address the categories and subcategories noted above.

- 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).

Written policies and procedures were obtained and address the categories and subcategories noted above.

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

Written policies and procedures were obtained and address the categories and subcategories noted above.

- 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 District's ethics policy.

Written policies and procedures were obtained and do not address (1) the prohibitions as defined by Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if ethics violations take place, and (3) a system to monitor possible ethics violations.

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

District does not have any written policies or procedures that address the categories or subcategories noted above.

Board or Finance Committee

Note: Procedures excluded from testing in the current period—Per the Louisiana Legislative Auditor’s Statewide Agreed-Upon Procedures, Year 2: “Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 1 may exclude those categories in Year 2.”

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board’s enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board’s enabling legislation, charter, bylaws, or other equivalent documents.
 - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.
 - c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

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 District’s main operating account. Select the District’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:

Obtained a listing of client bank accounts for the fiscal period from management and management’s representation that the listing is complete. Selected the District’s main operating account and randomly selected four (4) additional accounts. Randomly selected one month from the fiscal period.

- 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);

Obtained and inspected bank statements and reconciliations for each account and observed that bank reconciliations include evidence that they were prepared within 2 months of the statement closing date.

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

Obtained and inspected bank reconciliations and observed that bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation.

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Obtained and inspected bank statements and reconciliations noting no reconciling items that have been outstanding for more than 12 months from the statement closing date.

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).

Obtained a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that listing is complete. Selected District's only 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, obtain and inspect written policies and procedures relating to employee job duties at each collection location, and observe that job duties are properly segregated at each collection location such that:

Obtained a listing of collection locations for the District's one (1) deposit site and management's representation that the listing is complete. Randomly selected one collection location for each deposit site. Obtained and inspected written policies and procedures relating to employee job duties at the one (1) collection location selected.

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

No exceptions noted.

- 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. prenumbered receipts) to the deposit.

No exceptions noted.

- 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.

No exceptions noted.

- d) The employees 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.

No exceptions noted.

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

All employees who have access to cash are covered by a bond or insurance theft 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 date 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:

Randomly selected two (2) deposit dates for each of the five (5) bank accounts selected for procedure #3 under "Bank Reconciliations" above. Obtained supporting documentation for each of the ten (10) deposits selected.

- a) Observe that receipts are sequentially pre-numbered.

No exceptions noted.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

No exceptions noted.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

No exceptions noted.

- 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).

No exceptions noted.

- e) Trace the actual deposit per the bank statement to the general ledger.

No exceptions noted.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Selected the District's only payment processing location.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

Obtained a listing of those employees involved with non-payroll purchasing and payment functions. Obtained written policies and procedures relating to employee job duties.

- a) At least two employees are involved in initiating a purchase request, approving a purchase and placing an order/making the purchase.

No exceptions noted.

- b) At least two employees are involved in processing and approving payments to vendors.

No exceptions noted.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

The employee responsible for processing payments is not prohibited from adding/modifying vendor files. Another employee is not responsible for periodically reviewing changes to vendor files.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

No exceptions noted.

- 10. For each location selected under #8 above, obtain the District's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

For the District's one (1) payment processing location selected, obtained the District's non-payroll disbursement transaction population and management's representation that the population is complete. Randomly selected five (5) disbursements for each location and obtained supporting documentation for each selected transaction.

- a) Observe that the disbursement matched the related original invoice/billing statement.

No exceptions noted.

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

No exceptions noted.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

Note: Procedures excluded from testing in the current period—Per the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures, Year 2: "Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 1 may exclude those categories in Year 2."

- 11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), 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.
- 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 card usage) was reviewed and approved, in writing, 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/or late fees were not assessed on the selected statements.
- 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).

Travel and Travel-Related Expense Reimbursement (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

Obtained from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing is complete. Selected the District's only two (2) travel and travel-related expense reimbursements and obtained the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement and supporting documentation.

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

No exceptions noted.

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

No exceptions noted.

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

No exceptions noted.

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions noted.

Contracts

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. Alternately, 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:

District had no agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period with the exception of the practitioner's contract.

- 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.

Procedure not applicable for the current period.

- 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).

Procedure not applicable for the current period.

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

Procedure not applicable for the current period.

- 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.

Procedure not applicable for the current period.

Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Obtained a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly selected five (5) employees/officials, obtained related paid salaries and personnel files, and agreed paid salaries to authorized salaries/pay rates in the personnel files.

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

Randomly selected one (1) pay period during the fiscal period for the five (5) employees/officials selected under #16 above and obtained attendance records and leave documentation for the pay period.

- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

No exceptions noted.

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

No exceptions noted.

- c) Observe that any leave accrued or taken during the pay period is reflected in the District's cumulative leave records.

No exceptions noted.

18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

No employees/officials received termination payments during the fiscal period.

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Obtained management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Ethics

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

Obtained ethics documentation from management for five (5) randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above.

- a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

All employees tested completed one hour of ethics training during the fiscal period with the exception of one (1) employee.

- b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the District’s ethics policy during the fiscal period.

Five (5) employees tested did not attest through signature verification that he or she has read the District’s ethics policy during the fiscal period.

Debt Service (excluding nonprofits)

Note: Procedures excluded from testing in the current period—Per the Louisiana Legislative Auditor’s Statewide Agreed-Upon Procedures, Year 2: “Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 1 may exclude those categories in Year 2.”

21. Obtain a listing of bonds/notes issued during the fiscal period and management’s representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management’s representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

Other

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management’s representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the District reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the District is domiciled.

Management asserted that there were no known misappropriations of public funds or assets during the fiscal period.

24. Observe that the District has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

The District has posted on its premises the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds. Notice is not posted on the District’s website.

Management’s Response

The District’s management concurs with the exceptions and are working to address the deficiencies identified.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable provisions 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 control and compliance 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 control and compliance areas identified in the SAUPs, and the result of that testing, and not to provide an opinion or conclusion on control or compliance. This report is intended solely for use by the District's management and the LLA. Accordingly, this report is not suitable for any other purpose and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
February 25, 2019