

**RECREATION DISTRICT NO. 2**

**OF THE PARISH OF ST. MARY  
STATE OF LOUISIANA**

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

**and**

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

**For the Year Ended September 30, 2018**

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FINANCIAL INFORMATION SECTION



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Recreation District No. 2 of the Parish of St. Mary, State of Louisiana (District), a component unit of St. Mary Parish, as of and for the year ended September 30, 2018, and the related notes to these financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of September 30, 2018 and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### Required Supplementary Information

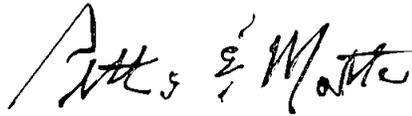
Accounting principles generally accepted in the United States of America require that management's discussion and analysis (MD & A), and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational economic or historical context. The District has elected not to present MD & A. Our opinion on the basic financial statements is not affected by this missing MD & A information. We have applied certain limited procedures to the required supplementary information related to budgetary comparison information on page 18, in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on this budgetary comparison information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 27, 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, contract, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS

Morgan City, Louisiana  
March 27, 2019

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

**Statement of Net Position  
September 30, 2018**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current assets	
Cash and cash equivalents	\$ 634,863
Due from other governments	69,488
Prepaid insurance	21,393
Deposit	305
Total current assets	<u>726,049</u>
Capital assets-net of accumulated depreciation	<u>4,064,757</u>
Total assets	<u><u>\$ 4,790,806</u></u>
<b>LIABILITIES AND NET POSITION</b>	
Liabilities	
Current liabilities	
Accounts payable and accrued expenses	\$ 14,471
Accrued interest payable	1,454
Current portion of long-term debt	210,000
Total current liabilities	<u>225,925</u>
Noncurrent liabilities	
Noncurrent portion of long-term debt	<u>645,000</u>
Total noncurrent liabilities	<u>645,000</u>
Total liabilities	<u>870,925</u>
Net position	
Net investment in capital assets, net of related debt	3,209,757
Restricted for:	
Debt service	5
Capital improvements	4,114
Unrestricted	706,005
Total net position	<u>3,919,881</u>
Total liabilities and net position	<u><u>\$ 4,790,806</u></u>

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

**Statement of Activities  
For the Year Ended September 30, 2018**

<u>Expenses</u>	<u>Total</u>
Current operating:	
Culture and recreation	
Salaries and wages	154,501
Benefits	50,438
Commissioners per diem	480
Insurance	62,287
Utilities & telephone	63,056
Accounting & professional fees	22,282
Supplies & office	16,247
Repairs & maintenance	131,422
Truck, bus, & tractor expenses	11,039
Summer program cost	9,494
Public relations	6,553
Pension - ad valorem taxes	18,745
Miscellaneous	3,794
Depreciation expense	281,350
Interest and fiscal charges on debt	17,432
	849,120
<u>Program revenues</u>	
Rental income	15,430
Total program revenues	15,430
Net program expenses	833,690
<u>General revenues</u>	
Taxes:	
Ad valorem	582,977
Sales tax allocation	52,030
Interest income	5,078
Total general revenues	640,085
Increase (decrease) in net assets	(193,605)
Net position - beginning of year	4,113,486
Net position - end of year	\$3,919,881

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

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

**Balance Sheet  
Governmental Funds  
September 30, 2018**

	<u>Governmental Fund Types</u>			Total Governmental <u>Funds</u>
	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 630,744	\$ 5	\$ 4,114	\$ 634,863
Due from other governments	69,488			69,488
Prepaid insurance	21,393			21,393
Deposits	305			305
Total assets	<u>\$ 721,930</u>	<u>\$ 5</u>	<u>\$ 4,114</u>	<u>\$ 726,049</u>
 <b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable and accrued expenses	\$ 14,471			14,471
Total liabilities	<u>14,471</u>	<u>-</u>	<u>-</u>	<u>14,471</u>
Fund balances:				
Restricted for debt service		5		5
Reserved for capital improvements			4,114	4,114
Unassigned	707,459			707,459
Total fund balances (deficit)	<u>707,459</u>	<u>5</u>	<u>4,114</u>	<u>711,578</u>
Total liabilities and fund balances	<u>\$ 721,930</u>	<u>\$ 5</u>	<u>\$ 4,114</u>	<u>\$ 726,049</u>

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

Total fund balance - Governmental Funds		\$711,578
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.		4,064,757
Interest payable on long-term debt does not require current financial resources, and, therefore, interest payable is not reported as a liability in the governmental funds balance sheet.		(1,454)
Noncurrent liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet.		
Current portion of long-term debt	\$210,000	
Noncurrent portion of long-term debt	<u>645,000</u>	<u>(855,000)</u>
Net position of governmental activities		<u><u>\$3,919,881</u></u>

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

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

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<u>Revenues</u>				
Rental and activity income	\$ 15,430			\$ 15,430
Ad valorem taxes	376,788	\$ 206,189		582,977
Sales tax allocation	52,030			52,030
Interest and investment income	<u>5,060</u>	<u>14</u>	\$ 4	<u>5,078</u>
 Total revenues	 <u>449,308</u>	 <u>206,203</u>	 <u>4</u>	 <u>655,515</u>
<u>Expenditures</u>				
Current:				
Culture and recreation				
Salaries and wages	154,501			154,501
Benefits	50,438			50,438
Commissioners per diem	480			480
Insurance	62,287			62,287
Utilities & telephone	63,056			63,056
Accounting & professional fees	22,282			22,282
Supplies & office	16,247			16,247
Repairs & maintenance	145,403			145,403
Truck, bus, & tractor expenses	11,039			11,039
Summer program cost	9,494			9,494
Public relations	6,553			6,553
Pension - ad valorem taxes	12,115	6,630		18,745
Miscellaneous	3,774		20	3,794
Capital Outlay	139,664			139,664
Debt service:				
Principal		205,000		205,000
Interest and fiscal charges		19,922		19,922
Total expenditures	<u>697,333</u>	<u>231,552</u>	<u>20</u>	<u>928,905</u>
 Excess (deficit) of revenues over expenditures	 (248,025)	 (25,349)	 (16)	 (273,390)
 Fund balances, beginning of year	 <u>955,484</u>	 <u>25,354</u>	 <u>4,130</u>	 <u>984,968</u>
 Fund balances, end of year	 <u>\$ 707,459</u>	 <u>\$ 5</u>	 <u>\$ 4,114</u>	 <u>\$ 711,578</u>

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

Net change in fund balance - Governmental Funds \$ (273,390)

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation (\$281,350) exceeded capital outlays (\$153,645) in the current period. (127,705)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduced long-term liabilities in the statement of net position. This is the amount by which repayments (\$205,000) exceeded proceeds (\$0). 205,000

Some expenses reported in the Statement of Activities do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds.  
Interest and fiscal charges 2,490

Change in net position of governmental activities \$ (193,605)

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

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2018**

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

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

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

**A. Reporting Entity**

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

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

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

These financial statements include only the operations of the District.

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

### B. Basic Financial Statements - Government-wide Financial Statements

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

### C. Basic Financial Statements - Fund Financial Statements

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

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

#### Governmental Funds

##### General Fund

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

##### Debt Service Fund

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

##### Capital Project Fund

The Capital Project Fund is used to account for the acquisition, construction, and improvements made to the District's recreation center and other facilities.

### D. Basis of Accounting

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

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

### Government-wide Statements

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

### Fund Financial Statements

Governmental fund financial statements are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current deferred outflows of resources, current liabilities, and current deferred inflows of resources, generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities (the District uses a sixty day period after year end).

### E. Revenues

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

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

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

Interest earnings are generally recorded when earned.

Substantially all other revenues are recorded when received.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Deferred Outflows and Inflows of Resources

The District has evaluated its transactions with the requirements of GASB pronouncements, related to deferred items, and determined that there are no significant transactions that meet the requirements of these statements. Therefore as of September 30, 2018, the District is not presenting any Deferred Outflows or Inflows of Resources in its financial statements.

G. Expenses/Expenditures

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

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

H. Cash and Cash Equivalents

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

I. Prepaid Expenses

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

J. Fixed Assets

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

Government-wide Statements

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Fund Financial Statements

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

K. Long-term Debt

Government-wide Financial Statements

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

Fund Financial Statements

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

L. Equity Classifications

Government-wide Statements

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

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

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

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

### Fund Financial Statements

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

### M. Accounting Estimates

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

### N. Budget Process

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

## NOTE 2 - CASH AND CASH EQUIVALENTS

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

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

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

NOTE 2 - CASH AND CASH EQUIVALENTS (continued)

Cash and cash equivalents

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

At year end, the carrying amount of the District's cash was \$634,881 and the bank balance was \$638,248. Of this, \$373,331 was covered by federal depository insurance and \$264,917 was secured by collateralized securities held by a third party and pledged to the District.

NOTE 3 - TAXES

The District's property tax is levied in October of each year on the assessed value of property within the District's taxing area. Taxes are due and payable by December 31 and taxes are considered delinquent January 1. Notices regarding seizures are sent out in April with the seizure date being May 1. The taxes are collected on behalf of the District by the Sheriff and then remitted to the District. The District actually receives most of the taxes in January.

The District receives 20.64 mils of property tax. For the year ended September 30, 2018, 13.34 mils were distributed to the General Fund and dedicated to operations and maintenance and 7.30 mils were distributed to the Debt Service fund and dedicated to debt retirement. For the year ended September 30, 2018 each mil levied resulted in approximately \$28,000 in ad valorem taxes received by the District.

NOTE 4 - DUE FROM OTHER GOVERNMENTS

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

	<u>Revenues</u> <u>Recorded</u>	<u>Receivable</u>
St. Mary Parish-Sales Tax Receivable-held by the Parish	\$52,000	\$69,488

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

NOTE 5 - FIXED ASSETS

Capital assets activity for the year ended September 30, 2018 is as follows:

	Balance September 30, <u>2017</u>	<u>Additions</u>	Balance September 30, <u>2018</u>
Capital assets not being depreciated			
Land	\$ 13,981	_____	\$ 13,981
Total capital assets not being depreciated	<u>13,981</u>	_____	<u>13,981</u>
Capital assets			
Building and improvements	\$ 5,595,206	\$ 91,176	\$ 5,686,382
Land Improvements	21,482		21,482
Kitchen Equipment	40,354	7,889	48,243
Maintenance Equipment	228,389		228,389
Office F&F	138,410		138,410
Recreation Equipment	489,743	35,795	525,538
Transportation Equipment	<u>172,140</u>	<u>4,804</u>	<u>176,944</u>
Total other capital assets at historical cost	<u>6,685,724</u>	<u>139,664</u>	<u>6,825,388</u>
Less accumulated depreciation for:			
Building and improvements	(1,862,648)	(206,836)	(2,069,484)
Land Improvements	(8,969)	(1,074)	(10,043)
Kitchen Equipment	(35,416)	(2,972)	(38,388)
Maintenance Equipment	(116,095)	(18,200)	(134,295)
Office F&F	(91,112)	(12,007)	(103,119)
Recreation Equipment	(227,872)	(36,400)	(264,272)
Transportation Equipment	<u>(151,150)</u>	<u>(3,861)</u>	<u>(155,011)</u>
Total accumulated depreciation	<u>(2,493,262)</u>	<u>(281,350)</u>	<u>(2,774,612)</u>
Other capital assets, net	<u>4,192,462</u>	<u>(141,686)</u>	<u>4,050,776</u>
Total capital assets, net	<u>\$ 4,206,443</u>	<u>\$ (141,686)</u>	<u>\$ 4,064,757</u>

Depreciation expense for the year totaled approximately \$281,000.

NOTE 6- LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended September 30, 2018:

Balance at October 1, 2017	\$1,060,000
Additions	--
Reductions	<u>(205,000)</u>
Balance at September 30, 2018	<u>\$855,000</u>

Obligations payable at September 30, 2018, are as follows:

General Obligation Bonds

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

\$855,000

The following is an approximation of future debt requirements at September 30, 2018:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$210,000	\$15,300	\$225,300
2020	210,000	11,016	221,016
2021	215,000	6,681	221,681
2022	<u>220,000</u>	<u>2,244</u>	<u>222,244</u>
	<u>\$855,000</u>	<u>\$35,241</u>	<u>\$890,241</u>

NOTE 7 - PENSION PLAN

The District's employees are covered under the Federal Insurance Contributions Act (Social Security). The District makes the required contributions to the fund and is not responsible for the benefits. During the year ended September 30, 2018 the District contributed \$5,925 and the District's employees contributed \$5,925.

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

NOTE 8 – ON-BEHALF PAYMENTS

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

The pro-rata share of the required contribution (\$18,745) that was withheld by the Sheriff from property tax collections to satisfy the District’s obligation has been presented as “pension – ad valorem” in the expenditure of the General and Debt Service funds in these financial statements. The District has also increased its property tax revenues by the same amount of the expenditure.

NOTE 9 - COMPENSATION OF BOARD MEMBERS AND OFFICERS

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

<u>Name</u>	<u>Amount</u>
Ana Poole	\$120
Edward Thomas	130
Oscar Toups	130
Alvin Wilkerson	<u>100</u>
	<u>\$460</u>

NOTE 10 - CONCENTRATIONS

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

NOTE 11 - RISK MANAGEMENT AND CONTINGENCIES

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

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

REQUIRED SUPPLEMENTAL INFORMATION

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

**Budget Comparison Schedule**  
**General Fund**  
**(Unaudited)**  
**For the Year Ended September 30, 2018**

	Original <u>Budget</u>	Final <u>Budget</u>	Actual <u>Amounts</u>	Variance with Final Budget Positive <u>(Negative)</u>
<u>Revenues</u>				
Rental and activity income	\$ 8,000	\$ 8,000	\$ 15,430	\$ 7,430
Ad valorem taxes	400,000	400,000	376,788	(23,212)
Sales tax allocation	50,000	60,000	52,030	(7,970)
Interest and other income	<u>158,000</u>	<u>150,000</u>	<u>5,060</u>	<u>(144,940)</u>
 Total revenues	 <u>616,000</u>	 <u>618,000</u>	 <u>449,308</u>	 <u>(168,692)</u>
<u>Expenditures</u>				
Current:				
Culture and recreation				
Salaries and Wages	218,000	218,000	154,501	63,499
Benefits	55,000	55,000	50,438	4,562
Commissioners per diem	700	700	480	220
Insurance	38,000	65,000	62,287	2,713
Utilities & telephone	74,000	65,000	63,056	1,944
Accounting & professional fees	21,000	21,000	22,282	(1,282)
Supplies & office	10,200	10,200	16,247	(6,047)
Repairs & maintenance	128,000	133,000	145,403	(12,403)
Truck, bus, & tractor expenses	17,000	17,000	11,039	5,961
Summer program cost	18,000	18,000	9,494	8,506
Public relations	15,000	15,000	6,553	8,447
Pension - ad valorem taxes	-	-	12,115	(12,115)
Miscellaneous	5,000	5,000	3,774	1,226
Capital Outlay	<u>100,000</u>	<u>100,000</u>	<u>139,664</u>	<u>(39,664)</u>
 Total expenditures	 <u>699,900</u>	 <u>722,900</u>	 <u>697,333</u>	 <u>25,567</u>
 Excess (deficiency) of revenues over expenditures	 <u>(83,900)</u>	 <u>(104,900)</u>	 <u>(248,025)</u>	 <u>(143,125)</u>
 Fund balances, beginning of year	 <u>955,484</u>	 <u>955,484</u>	 <u>955,484</u>	 <u>955,484</u>
 Fund balances, end of year	 <u>\$ 871,584</u>	 <u>\$ 850,584</u>	 <u>\$ 707,459</u>	 <u>\$ 812,359</u>

SUPPLEMENTAL INFORMATION

**RECREATION DISTRICT NO. 2 OF THE PARISH OF ST. MARY**  
Schedule of Compensation, Benefits and Other Payments to Agency Head  
For the Year Ended September 30, 2018

Agency Head Name: Leroy Trim, Executive Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 54,600
Benefits-Insurance	12,943
Benefits - FICA & Medicare	4,231
Total	<u>\$ 71,774</u>

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

INTERNAL CONTROL AND COMPLIANCE  
AND OTHER MATTERS SECTION



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

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

We have audited, in accordance with 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 the Recreation District No. 2, of the Parish of St. Mary, State of Louisiana (District), 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 March 27, 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 circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

#### Compliance and Other Matters

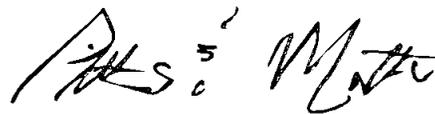
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 one instance of noncompliance or other matters that is required to be reported under Government Auditing Standards and which is described in the accompanying schedule of findings as items 2018-001.

#### The District's Response to Findings

The District's response to the findings identified in our audit is described in the accompanying schedule of findings. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

#### 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is considered a public record and may be distributed by the Legislative Auditor.



CERTIFIED PUBLIC ACCOUNTANTS

Morgan City, Louisiana  
March 27, 2019

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

**Schedule of Findings  
For the Year Ended September 30, 2018**

**A. SUMMARY OF AUDIT FINDINGS**

1. The auditors' report expressed an unmodified opinion on the financial statements of the Recreation District No. 2 of the Parish of St. Mary.

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

Internal Control Over Financial Reporting

No findings are required to be reported for the year ended September 30, 2018.

Compliance and Other Matters

There was one instance of noncompliance noted which is required to be reported.

3. Federal Awards

This section is not applicable for the year ended September 30, 2018.

4. Management Letter

No letter was issued.

B. FINDINGS FINANCIAL STATEMENT AUDIT

ITEM OF NONCOMPLIANCE

ITEM NO. 2018-001 NONCOMPLIANCE WITH BUDGET MONITORING

Auditors' Comments

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

Criteria: State Statute require that budgets be amended when actual revenues are less than budgeted revenues by five percent or more or actual expenditures exceed budgeted expenditures by five percent or more.

Effect: Failure to amend budgets to recognize anticipated shortfalls in funds prevents the District from effectively curtailing projects and/or services in accordance with actual available resources.

Cause: The operating budget was not amended although actual revenues were less than budgeted revenues by five percent or more:

<u>Actual</u> <u>Amount</u>	<u>Budgeted</u> <u>Amount</u>	<u>Variance</u>	<u>Percent</u>
\$455,937	\$618,000	\$(162,063)	26.2%

Recommendation: The District should fine tune its budget monitoring program to periodically make budget adjustment when variances exceed percentages as specified in the state statute.

Management's Response: We will monitor budget variances on a monthly basis and budget adjustments will be made when variances exceed the percentages as specified in the state statute.

C. FINDINGS AND QUESTIONED COSTS - FEDERAL AWARDS PROGRAMS

This section is not applicable for the year ended September 30, 2018.

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

No items reported in the prior year.

# BOARD OF COMMISSION

ST. MARY PARISH RECREATION DISTRICT #2  
P. O. BOX 922  
MORGAN CITY, LA 70381

March 27, 2019

Mr. Daryl Purpera, CPA, CFE  
Legislative Auditor, State of Louisiana  
P.O. Box 94397  
Baton Rouge, LA 70803-9397

Dear Mr. Purpera:

Recreation District No. 2 of the Parish of St. Mary, State of Louisiana respectfully submits the following corrective action plan for their year ended September 30, 2018.

## CORRECTIVE ACTION:

Person Responsible: Mr. Edward Thomas, Chairman  
Recreation District No. 2 of the Parish  
of St. Mary, State of Louisiana  
1110 Grace Street  
Morgan City, LA 70380

Time of Completion: September 30, 2019

Noncompliance: Re: Item No. 2018-001

Noncompliance with Budget Monitoring: Our auditors notified us that we did not amend our budget as required by State Statute.

Corrective Action: We will monitor budget variances on a monthly basis and budget adjustments will be made when variances exceed the percentages as specified in the state statute.

Edward Thomas



Chairman

**RECREATION DISTRICT NO. 2**

PARISH OF ST. MARY, STATE OF LOUISIANA

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

FOR THE YEAR ENDED

September 30, 2018

WITH

AGREED UPON PROCEDURES REPORT

BY

INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have performed the procedures enumerated in the attached Schedule of Procedures Performed and Associated Findings Based Upon the Statewide Agreed-Upon Procedures (Schedule), which were agreed to by Recreation District No. 2 of the Parish of St. Mary (District) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period October 1, 2017 through September 30, 2018. The District's management is responsible for those C/C areas identified in the SAUPs presented in the attached Schedule. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described in the attached Schedule either for the purpose for which this report has been requested or for any other purpose.

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

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

*Pitts & Matte*

CERTIFIED PUBLIC ACCOUNTANTS

Morgan City, Louisiana  
March 27, 2019

**RECREATION DISTRICT NO. 2**  
**PARISH OF ST. MARY, STATE OF LOUISIANA**  
**Schedule of Procedures Performed and Associated Findings Based upon the**  
**Statewide Agreed-Upon Procedures**  
**For the Year Ended September 30, 2018**

Guide to Presentation Format

This report contains these items presented in this order:

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

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

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

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

## WRITTEN POLICIES AND PROCEDURES

---

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

### **Budgeting**

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

**Procedure Performed:** Inquired of management and obtained management's written confirmation that they do not have written policies and procedures for budgeting, however the entity follows state budget law which includes all required functions.

**Findings:** Found that the District does not have written policies and procedures regarding budgeting. The district follows state law related to budgeting.

### **Purchasing**

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

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

**Findings:** Found that the District does not have written policies and procedures regarding purchasing.

### **Disbursements**

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

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

**Findings:** Found the district does not have written policies and procedures regarding disbursements.

### **Receipts/Collections**

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

## WRITTEN POLICIES AND PROCEDURES (CONTINUED)

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

**Findings:** Found the district does not have written policies and procedures regarding Receipts/Collections.

### Payroll/Personnel

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

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

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

### Contracting

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

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

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

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

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

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

**Findings:** Found the District has written policies and procedures regarding credit cards.

## WRITTEN POLICIES AND PROCEDURES (CONTINUED)

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### Travel and expense reimbursement

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

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

**Findings:** Found the District has written policies and procedures regarding travel and expense reimbursement.

### Ethics

- i) Ethics, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1114-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

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

**Findings:** The District does not have any written policies and procedures for ethics.

### Debt Service

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

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

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

### *Management's response:*

*The District has policies and procedures in all the areas above however, they are not in writing except for Payroll/Personnel, Credit cards, Travel and Expense reimbursement.*

*Due to the small size of our District, the simple scope of our business operations and our limited number of personnel. We do not believe it is cost effective to have written procedures in all areas.*

## BOARD OR FINANCE COMMITTEE

---

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 document.

**Procedure Performed:** Obtained and read the District's board minutes for the fiscal period as well as Louisiana State Law as it relates to recreation districts and the Ordinance that created the District.

**Findings:** Found that the District met with a quorum at all twelve of the monthly meetings.

- 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. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

**Procedure Performed:** Obtained and read the District's board minutes for the fiscal period.

**Findings:** Found that financial statements are presented at monthly meetings and monthly minutes contain budget-to-actual comparisons.

- 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.

**Procedure Performed:** Obtained and read the District's prior year audit report and observed the unrestricted fund balance in the general fund.

**Findings:** Found that the general fund did not have a negative ending unrestricted fund balance in the prior year audit report.

**Management's response:**

*No comment.*

## BANK RECONCILIATIONS

---

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

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

**Findings:**

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

***Management' response:***

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

## COLLECTIONS

---

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

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

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

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

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

**Findings:**

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

## COLLECTIONS (CONTINUED)

---

- c) Found that all employees responsible for collecting cash are not responsible for posting collection entries to the general ledger or subsidiary ledger. The outside accountant post collection entries to the general ledger.
- d) Found that the Executive Director collects cash and the outside accountant reconciles cash collections to the general ledger and/or subsidiary ledgers, by revenue source.

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

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

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

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.
- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- c) Trace the deposit slip total to the actual deposit per the bank statement.
- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
- e) Trace the actual deposit per the bank statement to the general ledger.

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

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

## COLLECTIONS (CONTINUED)

---

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

**Findings:** Found that the District's Capital Project and Money Market account had no deposits during the year.

- a) Found the District has sequentially pre-numbered receipts for rentals. However, they do not have sequentially pre-numbered receipts for checks received from other governmental entities, it is not considered necessary for the District to have sequentially pre-numbered receipts for that type of collection.
- b) Collections documentation (sequentially pre-numbered receipt [when applicable] check images and, general ledger) agrees to the deposit slips.
- c) Deposit slip total agrees to the deposit amount on the bank statement.
- d) Found deposits were made within one business day of receipt for rentals. However, we were not able to determine the date of receipt for collection from other governmental entities.
- e) The actual deposit per bank statements agrees with the collection recorded in the general ledger

***Management's response:***

*We will put our policies and procedures in this area in writing.*

**NON-PAYROLL DISBURSEMENTS (EXCLUDING CARD PURCHASES/PAYMENTS,  
TRAVEL REIMBURSEMENTS, AND PETTY CASH PURCHASES):**

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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).

**Procedure Performed:** We obtained a listing of locations that process payments from management and management's representation that the listing is complete.

**Findings:** Found the District has one location that processes payments.

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:
- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
  - b) At least two employees are involved in processing and approving payments to vendors.
  - 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.
  - 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.

**Procedure Performed:** We obtained a listing of employees involved with non-payroll purchasing and payment functions and, inquired of these employees' about their job duties.

**Findings:**

- a) One employee is involved in initiating a purchase request and placing an order/making purchase. However, purchase must be approved by board prior to purchase being made
- b) One employee is involved in processing and approving payments to vendors. However, payments must be approved by board prior to payment being made.
- c) One employee is involved in processing payments and is prohibited from adding or modifying vendor's files.

**NON-PAYROLL DISBURSEMENTS (EXCLUDING CARD PURCHASES/PAYMENTS, TRAVEL REIMBURSEMENTS, AND PETTY CASH PURCHASES) (CONTINUED):**

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d) The Executive Director, who is responsible for signing checks, gives the signed checks to an employee, who is not responsible for processing payments, to mail.

10. For each location selected under #8 above, obtain the entity'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:

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

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

**Procedure Performed:** We obtained the District's non-payroll disbursements transaction population (excluding cards and travel reimbursements) and management's representation that the population was complete. We randomly selected 5 disbursements from the listing and obtained and observed supporting documentation for each transaction.

**Findings:**

a) Found that disbursements matched the related original invoice.

b) Found that disbursement documentation included evidence that the District is following its policies as it relates to the segregation of duties tested under #9 above.

***Management's response:***

*No comment*

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

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

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

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

## **CONTRACTS**

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Inquired of management and obtained management's written confirmation that they did not have any agreements/contracts for professional services, materials and supplies, leases, and construction activates that were initiated or renewed during the fiscal period. Therefore, no other procedures are applicable in the current year.

## ETHICS

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

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

**Procedure Performed:** We obtained and read ethic's certificates from management for all 4 of the District's employees. Observed that the documentation demonstrates each employee completed one hour of ethics training during the fiscal period. Obtained management's written confirmation that the District does not have written policies regarding ethics.

### **Findings:**

- a) Found that the ethics certificates demonstrate that each employee completed one hour of ethics training during the fiscal period.
- b) Found that the District does not have written policies regarding ethics, therefore employees did not read the District's ethics policy during the fiscal year.

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

*We will put our policies and procedures in this area in writing.*

## 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 entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

**Procedure Performed:** We inquired of management and obtained written representation that the District had no misappropriations of public funds and assets during the fiscal period.

**Findings:** Found that the District had no misappropriations of public funds and assets during the fiscal period.

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

**Procedure Performed:** Observed that the District had posted on its premises the notice required by R.S 24:523.1

**Findings:** Found that the District posted the above specified notice as required on its premises. The District does not have a website.