

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

Annual Financial Report

For the Year Ended September 30, 2017

RECREATION DISTRICT No. 2 OF THE PARISH OF ST. MARY
Annual Financial Report
For the Year Ended September 30, 2017

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**RECREATION DISTRICT NO. 2,
OF THE PARISH OF ST. MARY**
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended September 30, 2017

As management of the Recreation District No. 2 of the Parish of St. Mary ("the District"), we provide readers of these financial statements this narrative overview and analysis of the financial activities, for the fiscal year ended September 30, 2017. Please read it in conjunction with the basic financial statements and the accompanying notes to the financial statements.

FINANCIAL HIGHLIGHTS

Our financial statements provide these insights into the results of this year's operations:

- The net position of our governmental activities decreased slightly by \$94,048 or 2.2%.
- Total net position is comprised of the following:
 - (1) Net investment in capital assets of \$3,132,462 that included property and equipment net of accumulated depreciation— the net book value, net of the related debt.
 - (2) The Restricted portion of Net Position is made up of \$4,130 of restricted balances in the Capital Projects Fund that is to be used for capital projects approved by the board; and \$1,381 excess ad valorem taxes collected in the debt service fund over and above the outstanding debt that is legally required to be used for capital projects in the general fund; and \$25,354 of funds in the debt service fund which is legally restricted to pay off the bonded debt of the district.
 - (3) Unrestricted net position of \$950,159 represents the portion available to maintain continuing obligations to citizens and creditors.
- Revenues of our governmental activities totaled \$752,097, a decrease of 11% from the prior year, while expenses of \$846,145 increased slightly from the prior year.
- The net change in fund balances of the governmental funds was a decrease of \$160,037. The ending fund balance for all governmental funds was \$984,968 - \$5,511 was restricted for capital projects; \$25,354 was restricted for debt service; and the remainder of \$954,103 is unassigned.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the financial statements. The basic financial statements consist of the following components:

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities include all assets and liabilities using the accrual basis of accounting in a manner similar to a private-sector business.

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The statement of net position presents information on all of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting. The difference between the assets, deferred outflows and resources, liabilities, and deferred inflows of resources is reported as net position. Net position is then segregated between net investment in capital assets, restricted or unrestricted.

These categories are determined by the nature or source of the net position. Amounts available in unrestricted net position may be utilized for continued operation and maintenance of recreation facilities or programs in the future. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or weakening.

The statement of activities presents information showing how the net position changed during the fiscal year. This statement shows the difference between expenditures and revenues for recreation activities and the general revenues. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Some funds are required to be established by State law and by bond covenants. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds consist of one category: governmental funds.

Governmental funds are used to account for most of the basic services as reported as governmental activities in the government-wide financial statements. Governmental fund financial statements focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance programs.

The District maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Debt Service Fund, and the Capital Projects Fund.

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Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the conversion from governmental funds to governmental activities.

Our auditor has provided assurance in the independent auditor's report, located immediately following this MD&A, that the Basic Financial Statements are fairly stated. The auditor regarding the Required Supplemental Information and the Other Supplemental Schedules is providing varying degrees of assurance. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Annual Financial Report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS AS A WHOLE

The net position decreased by \$94,048 compared to a \$64,405 increase in the prior year, although the change in individual components was significant. Our analysis that follows focuses on the components of net position and changes in net position of the governmental-type activities.

NET POSITION

To begin our analysis, a condensed comparative summary of the Statement of Net Position is as follows:

Condensed Statement of Net Position	FY 2017	FY 2016	Dollar Change
Current Assets	\$1,004,564	\$1,173,858	\$ (169,294)
Capital Assets	4,192,462	4,324,671	(132,209)
Total Assets	5,197,026	5,498,529	(301,503)
Long-term Debt Outstanding	1,083,540	1,260,000	(176,460)
Other Liabilities	23,540	30,995	(7,455)
Total Liabilities	1,107,080	1,290,995	(183,915)
Net Investment in Capital Assets	3,132,462	3,064,671	67,791
Restricted	30,865	16,914	13,951
Unrestricted	950,159	1,125,949	(175,790)
Total Net Position	\$4,113,486	\$4,207,534	\$ (94,048)

Net position may serve over time as a useful indicator of a government's financial position. Total assets exceeded total liabilities at the close of the current year by \$4,113,486 (net position) compared to \$4,207,534 at the end of the prior year. Of this amount, \$950,159 is unrestricted. This represents 23.1% of net position and is

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resources that are available to be used to meet ongoing obligation to citizens and creditors. Unrestricted net assets decreased by \$175,790 during the year.

Restricted net assets were \$30,865 compared to \$16,914 in the prior year which represents .8% of net assets. These resources are subject to external restrictions on how they may be used, i.e. bond covenants (restricted for capital projects) and debt service restrictions.

Total assets were \$5,197,026 compared to \$5,498,529 at the prior year end. Of the total assets of \$4,192,462 are capital assets, net of depreciation compared to \$4,324,671 at the end of the prior year. Although the investment in its capital assets is reported net of related debt in its net position reporting, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

CHANGES IN NET POSITION

The governmental activities include spending for recreation activities such as buildings, parks, playgrounds, tennis and outdoor facilities. Property taxes fund most of these governmental activities.

A condensed comparative summary of the Statement of Activities is presented in the following table. This table shows the expenditures related to the functions/programs associated with its governmental activities. The table gives an indication of how the resources are utilized and the source of the resources.

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For the year ended September 30, 2017

Condensed Statement of Activities	FY 2017	FY 2016	Dollar Change
Program expenses			
Operating costs	\$ 546,277	\$ 501,208	\$ 45,069
Interest expense	24,042	27,693	(3,651)
Depreciation	275,826	251,365	24,461
Total program expenses	846,145	780,266	65,879
Program revenues			
Charges for services	15,750	15,475	275
Total program revenues	15,750	15,475	275
Net Program Revenues	(830,395)	(764,791)	(65,604)
General Revenues			
Ad valorem taxes	694,533	779,332	(84,799)
Sales tax allocation	50,555	51,925	(1,370)
Gain (Loss) from disposal of fixed assets	(13,981)	(3,178)	(10,803)
Interest income earned	5,240	1,117	4,123
Total general revenues	736,347	829,196	(92,849)
Change in Net Position	(94,048)	64,405	(158,453)
Beginning Net Position	4,207,534	4,143,129	64,405
Ending Net Position	\$ 4,113,486	\$ 4,207,534	\$ (94,048)

Operating costs for the recreation activities increased by \$45,069 to \$501,208 compared to \$501,208 in the prior year. Depreciation expense was \$275,826, an increase of \$24,461 from the prior year. Interest expense was \$24,042.

As indicated above, ad valorem tax revenue is the largest revenue source comprising 94.32% and 93.99% of general revenues for 2017 and 2016. During the years ended September 30, 2017 and 2016, property taxes of 20.64 were levied on property inside of the District boundaries. The gross tax assessed for 2017 decreased by 10% or \$84,799, to \$694,533 compared to \$779,332 for 2016. In 2017, the District assessed a 7.3 mills tax for debt service payments to cover the debt.

Sales tax revenue dedicated by the St Mary Parish Council for recreation within the District boundaries has decreased slightly by \$1,370 or 2.6% to \$50,555 for 2017 compared to \$51,925 for the prior year due to a decrease in the economy.

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FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

The governmental funds reported combined ending fund balances of \$984,968 - a decrease of \$160,037 from the prior year-end. Information on the District's major funds follows:

The General Fund balance is \$955,484 a decrease of \$173,988 from the prior year; and the restricted portion for capital projects is \$1,381. Sales tax revenues were \$50,555 and ad valorem taxes were \$448,272. Total current expenditures were \$536,182 and capital expenditures were \$157,598, resulting in and net decrease in fund balance of \$173,988.

The fund balance in the Debt Service Fund at the end of the year was \$25,354; an increase of \$13,967 from the prior year. Ad valorem taxes collected to pay off debt service were \$246,261. Principal retired was \$200,000 and interest paid was \$24,022.

The Capital Projects fund was created to account for the proceeds of the debt issuance of \$2,000,000 of general obligation bonds in March 2012. The District completed the construction of a teen exercise building and purchased exercise equipment and playground equipment during the current year to use the remaining unspent bond issue proceeds. The Restricted portion of fund balance for the Capital Projects Fund of \$4,130 can only be used to construct or improve the recreation facilities as per the bond covenants.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District adopts an annual budget for its General Fund. Prior to year-end, the District did amend the budget. A budget comparison schedule has been included for the General Fund to demonstrate compliance with the legally adopted budget. An analysis of significant budget variances in the General Fund is as follows:

Revenues:

- Ad Valorem taxes collected (actual) were \$18,000 more than the budgeted amounts.
- The sales tax allocation received currently was approximately \$10,000 more than budgeted.
- There was \$142,000 budgeted in the other category when compared to actual other revenues of \$4000 resulted in a large unfavorable variance in the other revenue line item.

Expenditures:

- The total expenditures were less than budgeted resulting in a favorable variance.

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CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

A summary of Capital Assets is shown below. The net decrease (including additions and deductions) from the prior year is \$118,228 or 3% from last year.

Summary of Capital Assets

	2017	2016
Land, not being depreciated	\$ 13,981	\$ 13,981
Buildings, improvements, outdoor facilities	5,595,206	5,798,777
Land Improvements	21,482	21,482
Recreation equipment	489,743	508,487
Office furniture and fixtures	138,410	142,410
Transportation equipment	172,140	151,794
Kitchen equipment	40,354	69,572
Maintenance equipment	228,389	154,041
Total Cost of Assets	6,685,724	6,846,563
Accumulated Depreciation	(2,493,262)	(2,535,873)
Total Capital Assets, Net	\$4,192,462	\$ 4,310,690

This year there was \$157,598 of additions to capital assets and \$318,437 of disposals.

Long-term Debt

The District had \$1,060,000 of 2012 General Obligation bonds outstanding compared to \$1,260,000 at the prior year-end. The net decrease of \$200,000 is the result of the debt service principal payments made in the current year. Interest and fiscal charges of \$24,022 were made during the fiscal year. Additional detailed information about outstanding long-term debt is presented in Note 7 to the financial statements.

CURRENTLY KNOWN FACTS, ECONOMIC FACTORS AND CONDITIONS

The Board of Commissioners continues to monitor all economic factors that affect the operation, maintenance, and improvement of the recreational facilities. Historically, the majority of the revenue has been derived from a maintenance and operating property tax levied. The Parish continues to provide sales tax from the three-tenths of one percent sales tax levy collected within the District and dedicated to recreation.

The Board of Commissioners has no current knowledge of any economic conditions that could have a significant adverse effect on its revenues or operating costs and in preparing and adopting the general fund budget for fiscal year end September 30, 2018 considered these factors. If these current economic factors and conditions remain consistent, the net position is expected to increase modestly by the close of the fiscal year.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended September 30, 2017

Condensed Summary of Budgeted
Finances

	9/30/2018
Anticipated revenues	\$618,000
Expenditures:	
Current	622,900
Capital outlay	100,000
Anticipated expenditures	722,900
Excess (deficiency) of revenues	(104,900)
Fund Balance:	
Beginning of the year	120,000
End of the year	\$15,100

CONTACTING MANAGEMENT

This Annual Financial Report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of finances and to demonstrate accountability for the money it receives. If you have questions about this report or need additional financial information, contact:

Recreation District No. 2 of the Parish of St. Mary,
P.O. Box 922, Morgan City, LA 70381,
phone number 985-385-4224.

FINANCIAL SECTION



STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Recreation District No. 2,
Parish of St. Mary
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, a component unit of the Parish of St. Mary, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the 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 basic financial statements are free of 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.

To the Board of Commissioners
Recreation District No.2, Parish of St. Mary
Morgan City, Louisiana
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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 Recreation District No. 2, Parish of St. Mary, as of September 30, 2017, 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 Management's Discussion and Analysis and the other required supplemental information as listed in the table of contents 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 information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The Schedule of Compensation, Benefits and Other Payments to Agency Head are presented for the purpose of additional analysis and are not a required part of the basic financial statements. These schedules are the responsibility of management and were derived from and relate 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 Schedule of Compensation, Benefits and Other Payments to Agency Head are 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 a report dated March 20, 2018, on our consideration of the 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 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 internal control over financial reporting and compliance.

Stagni & Company

Thibodaux, Louisiana
March 20, 2018



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

Statement of Net Position - Governmental Activities

September 30, 2017

ASSETS

Cash and cash equivalents	\$ 946,107
Due from other governments	39,281
Prepaid expenses	18,871
Deposits	305
Capital assets, net of depreciation	<u>4,192,462</u>
Total assets	<u>5,197,026</u>

LIABILITIES

Accounts payable and accrued expenses	19,596
Interest payable	3,944
Noncurrent liabilities:	
Bonds, due within one year	205,000
Bonds, due in more than one year	<u>855,000</u>
Total current liabilities	<u>1,083,540</u>

NET POSITION

Net investment in capital assets	3,132,462
Restricted for:	
Debt Service	25,354
Capital Projects	5,511
Unrestricted	<u>950,159</u>
Total net position	<u>\$ 4,113,486</u>

See notes to financial statements.

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

Statement of Activities

For the Year Ended September 30, 2017

<u>FUNCTIONS / PROGRAMS</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
<i>Governmental activities:</i>				
General government - Recreation	\$ 846,145	\$ 15,750	\$ -	\$ (830,395)
General revenues:				
Ad Valorem Taxes				694,533
Sales tax allocation				50,555
Interest				5,240
Gain (loss) on disposal of assets				(13,981)
Total general revenues				<u>736,347</u>
Change in net position				(94,048)
Net position:				
Beginning of year				<u>4,207,534</u>
End of year				<u>\$ 4,113,486</u>

See notes to financial statements.

RECREATION DISTRICT NO. 2 OF THE PARISH OF ST MARY

Balance Sheet - Governmental Funds
September 30, 2017

	<u>General</u>	<u>Debt Service</u>	<u>Capital Project</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash	\$ 916,623	\$ 25,354	\$ 4,130	\$ 946,107
Due from other governments	39,281	-	-	39,281
Prepaid insurance	18,871	-	-	18,871
Deposits	305	-	-	305
Total assets	<u>\$ 975,080</u>	<u>\$ 25,354</u>	<u>\$ 4,130</u>	<u>\$ 1,004,564</u>
LIABILITIES				
Accounts payable and accrued expenses	\$ 19,596	\$ -	\$ -	\$ 19,596
Total liabilities	<u>19,596</u>	<u>-</u>	<u>-</u>	<u>19,596</u>
FUND BALANCES				
Restricted for Capital Projects	1,381	-	4,130	5,511
Restricted for Debt Service	-	25,354	-	25,354
Unassigned	954,103	-	-	954,103
Total fund balances	<u>955,484</u>	<u>25,354</u>	<u>4,130</u>	<u>984,968</u>
Total liabilities and fund balances	<u>\$ 975,080</u>	<u>\$ 25,354</u>	<u>\$ 4,130</u>	

RECONCILIATION TO GOVERNMENT-WIDE FINANCIAL STATEMENTS:

Amounts reported for *governmental activities* in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Capital assets at cost	6,685,724	
Accumulated Depreciation	<u>(2,493,262)</u>	4,192,462

Bonds payable are not due and payable in the current period and therefore are not reported in the funds.

Bonds, due within one year		(205,000)
Bonds, due in more than one year		(855,000)

Accrued interest is not due and payable in the current period and is not reported in the funds.

(3,944)

Net Position of governmental activities

\$ 4,113,486

See notes to financial statements.

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

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
For the Year Ended September 30, 2017

	<u>General</u>	<u>Debt Service</u>	<u>Capital Project</u>	<u>Total Governmental Funds</u>
REVENUES				
Ad Valorem Taxes	\$ 448,272	\$ 246,261	\$ -	\$ 694,533
Sales tax allocation	50,555	-	-	50,555
Interest & Other	5,215	21	4	5,240
Rental & activity income	15,750	-	-	15,750
Total Revenues	<u>519,792</u>	<u>246,282</u>	<u>4</u>	<u>766,078</u>
EXPENDITURES				
Current - General government:				
Salaries & wages	143,888	-	-	143,888
Benefits	47,923	-	-	47,923
Commissioners per diem	450	-	-	450
Insurance	58,374	-	-	58,374
Utilities & telephone	54,914	-	-	54,914
Accounting & professional fees	16,505	-	-	16,505
Supplies & office	14,936	-	-	14,936
Repairs & maintenance	146,770	-	-	146,770
Truck, bus & tractor expenses	9,887	-	-	9,887
Summer program cost	11,328	-	-	11,328
Public relations	6,807	-	-	6,807
Pension - ad valorem taxes	15,155	8,293	-	23,448
Other	9,245	-	-	9,245
Total current expenditures	<u>536,182</u>	<u>8,293</u>	<u>-</u>	<u>544,475</u>
Capital outlay	157,598	-	-	157,598
Debt service:				
Principal retirement	-	200,000	-	200,000
Interest and fiscal charges	-	24,022	20	24,042
Total debt service	<u>-</u>	<u>224,022</u>	<u>20</u>	<u>224,042</u>
Total expenditures	<u>693,780</u>	<u>232,315</u>	<u>20</u>	<u>926,115</u>
 Net change in fund balances	 (173,988)	 13,967	 (16)	 (160,037)
FUND BALANCES				
Beginning of year	1,129,472	11,387	4,146	1,145,005
Ending of year	<u>\$ 955,484</u>	<u>\$ 25,354</u>	<u>\$ 4,130</u>	<u>\$ 984,968</u>

See notes to the financial statements.

RECREATION DISTRICT NO. 2 OF THE PARISH OF ST. MARY
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2017

The Recreation District No. 2 of the Parish of St. Mary, Louisiana (the District) was created and established by ordinance No. 961 adopted by the St. Mary Parish Council on June 26, 1985. The District is governed by a board of commissioners composed of five members appointed by the St. Mary Parish Council. The "Recreation District No. 2 as created shall constitute a public corporation and political subdivision of the State of Louisiana, and as such, will have the rights, powers, and privileges granted and conferred by the Constitution and Statutes of the State of Louisiana, and subject to the terms and provisions of the St. Mary Parish Home Rule Charter, and the rights and duties conferred therein, including the authority to incur debt, to issue bonds, and to levy taxes and assessments." The District is authorized to acquire land, construct and maintain buildings, equipment and other facilities to be used in providing recreation facilities within the corporate boundaries of the District.

Note 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting and reporting policies of the St. Mary Parish Recreation District No. 2 conform to generally accepted accounting principles as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The following is a summary of certain significant accounting policies:

A. Reporting Entity

As the governing authority of the parish, for reporting purposes, the St. Mary Parish Council is the financial reporting entity for St. Mary Parish. The Governmental Accounting Standards Board established criteria for determining which component units should be considered part of the St. Mary Parish Council for financial reporting purposes. The St. Mary Parish Council appoints a voting majority of the District's governing body and can impose its will on the District. Based on criterion applied, the District is a component unit of the St. Mary Parish Council. The accompanying financial statements present information only on the funds maintained by the District and does not present information on the St. Mary Parish Council, the general government services provided by the Council, or the other governmental units that comprise the financial reporting entity for St. Mary Parish, Louisiana.

The District has no entities or organizations that are required to be included in its financial report as defined by Government Accounting Standards Board (GASB) Statement 14.

RECREATION DISTRICT NO. 2 OF THE PARISH OF ST. MARY
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2017

Note 1 *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)*

B. Basic Financial Statements – Basis of Presentation

Government-Wide and Fund Financial Statements

The basic financial statements include both government-wide (reporting as a whole) and fund financial statements (reporting major funds). Both the government-wide and fund financial statements categorize primary activities as governmental type activities. All of the services are classified as governmental activities.

In the government-wide Statement of Net Position, the governmental activities are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The net position is reported in three parts—net investment in capital assets; restricted net assets; and unrestricted net assets.

The government-wide Statement of Activities reports both the gross and net cost of each of the functions and activities. These functions are also supported by general government revenues (interest earned). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (interest earned, etc). This government-wide focus is more on the sustainability of the District as an entity and the change in the net assets resulting from the current year's activities.

Fund Financial Statements

Funds and account groups are used to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Governmental Funds

Governmental Funds are those through which the governmental functions are financed. The acquisition, use, and balances of expendable financial resources and the related liabilities are accounted for through Governmental Funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The Governmental Funds of the District are as follows:

RECREATION DISTRICT NO. 2 OF THE PARISH OF ST. MARY
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2017

Note 1 *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)*

B. Basic Financial Statements – Basis of Presentation (continued)

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those that are required to be accounted for in another fund.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of general long-term obligation 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 parks, playgrounds, recreation centers, and other recreational facilities.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources, resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources, resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 "Accounting and Financial Reporting for Non-exchange Transactions."

The governmental fund financial statements are accounted for using a current financial resources measurement focus. With this measurement focus only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

The modified accrual basis of accounting is used by the governmental fund financial statements. 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 governmental funds use the following practices in recording revenues and expenditures:

RECREATION DISTRICT NO. 2 OF THE PARISH OF ST. MARY
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2017

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

- Ad valorem taxes and revenue sharing are considered susceptible to accrual. Interest income is recorded when received.
- Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

D. Budgets

The District complies with the "Louisiana Local Government Budget Act" and henceforth; budgets are adopted for its general fund on a modified accrual basis that is consistent with generally accepted accounting principles. Annual budgets are prepared by the Executive Director of the District along with a budget message and presented to the Board for adoption no later than 15 days prior to the beginning of the fiscal year. Budgets are adopted for the General Fund as required by the Budget Act for the fiscal year and lapse at a year-end. The budget is amended by supplemental appropriations as needed to during the year to comply with state law. The General Fund Budget was amended during the fiscal year.

E. Deposits

The cash and cash equivalents include amounts in demand deposits, interest-bearing deposits, money market accounts, and short-term investments with original maturities of three months or less from the date of acquisition.

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.

Under state law, the District may invest in United States bonds, treasury notes, or collateralized certificates of deposits. Investments are stated at cost. State law also requires that deposits of all political subdivisions be fully collateralized at all times. Acceptable collateralization includes the FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished, as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision.

RECREATION DISTRICT NO. 2 OF THE PARISH OF ST. MARY
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2017

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are capitalized at historical cost. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is not material and therefore not included as part of the capitalized value of the assets constructed.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and building improvements	10 - 40 years
Furniture and fixtures	5 - 12 years
Equipment	3 -15 years

G. Long Term Debt

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position.

In the fund financial statements, the face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

I. Fund Equity

Governmental fund equity is classified as fund balance. Fund balance is further classified as non-spendable, restricted, committed, assigned, or unassigned. Non-spendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the Board through approval in minutes. Assigned fund balances is a limitation imposed by a designee of the Board.

RECREATION DISTRICT NO. 2 OF THE PARISH OF ST. MARY
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2017

Note 1 *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)*

I. Fund Equity (Continued)

Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories. Negative unassigned fund balance in other governmental funds represents excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes.

J. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

K. Short-Term Interfund Receivables/Payables and Interfund Transfers

During the course of operations transactions occur between individual funds. These receivables and payables are classified as "due to or due from other funds" on the balance sheet. All interfund transactions, except quasi-external transactions, are reported as operating transfers.

In the process of aggregating data for the Statement of Net Position and the Statement of Activities some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

RECREATION DISTRICT NO. 2 OF THE PARISH OF ST. MARY
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2017

Note 2 DEPOSITS

Deposits (demand deposits, interest bearing demand deposits, time deposits, and certificates of deposit) are recorded at cost, which approximates market or fair value. At September 30, 2017, the carrying amount and bank balances of the deposits are as follows:

	Balances	
	Book (stated value)	Bank
Non-interest bearing demand deposits	\$ 29,495	\$ 30,661
Interest bearing demand deposits	916,612	916,611
Total Deposits	\$946,107	\$947,272
Insured by FDIC		\$334,905
Uninsured and uncollateralized held by pledging bank's trust department in the District's name		\$612,367

Custodial credit risk is the risk that in an event of a bank failure, deposits may not be returned. As noted in the above table, \$612,367 of the total bank balance was exposed to custodial credit risk. 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. 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.

FDIC and pledged securities valued at September 30, 2017 of \$1,397,336 secure these deposits from risk. The collateral must be held at the pledging bank's trust department or other banks acting as the pledging bank's agent, in the District's name.

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

RECREATION DISTRICT NO. 2 OF THE PARISH OF ST. MARY
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2017

Note 3 AD VALOREM TAXES

Ad valorem taxes assessed for operation and maintenance and payment of general obligation bonds attach as an enforceable lien on property as of January 1 of each year. Property taxes are levied each November 1 on the assessed value listed as of the prior January 1 for all real property, merchandise, and moveable property located in the District's boundaries.

Assessed values are established by the St. Mary Parish Assessor's Office and the State Tax Commission at the percentages of actual value as specified by Louisiana law. A reevaluation of all property is required to be completed no less than every four years. The last reevaluation was completed for the list of January 1, 2017. Taxes are due and payable December 31 with interest being charged. Lien date for all delinquent properties is April 1. The St. Mary Parish Sheriff bills and collects property taxes for the Commission using the assessed values determined by the tax assessor St. Mary Parish. Commission property tax revenues are budgeted in the year billed.

The tax rate for the year ended September 30, 2017 was 13.34 mills assessed valuation on property within St. Mary Parish Recreation District No. 2 for the purpose of maintaining and operating the facilities and programs, and 7.3 mills for the purpose of payment of general long term debt principal, interest, and related costs for the District. These property taxes were levied and billed November 1, 2016 and were due and payable by December 31, 2016.

Note 4 COMPENSATION OF BOARD MEMBERS

During the year, the following individuals served on the Board of Commissioners and were paid per diem allowances as scheduled:

NAME	MONTHS OF SERVICE	PER DIEM RECEIVED
Alvin Wilkerson	12	\$110
Edward Thomas	12	120
Oscar Toups	12	120
Ann Poole	11	100
TOTAL		\$450

RECREATION DISTRICT NO. 2 OF THE PARISH OF ST. MARY
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2017

NOTE 5 DUE FROM OTHER GOVERNMENTS

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

	Revenues Recorded	Receivable
St. Mary Parish – Sales Taxes Receivable – held by the Parish	\$50,555	\$ 39,281

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

Note 6 CAPITAL ASSETS

Capital assets and depreciation activity for the year is as follows:

Governmental Activities:	Beginning Balance	Increases	Disposals & Adjustments	Ending Balance
Capital assets, not being depreciated				
Land	\$13,981			\$13,981
Total capital asset, not being depreciated	\$13,981			\$13,981
Capital assets being depreciated				
Buildings & Improvements	\$5,798,777	26,146	(229,717)	\$5,595,206
Land Improvements	21,482	-	-	21,482
Recreation Equipment	508,487	26,338	(45,082)	489,743
Furniture & Office Equipment	142,410	-	(4,000)	138,410
Transportation Equipment	151,794	20,346	-	172,140
Kitchen Equipment	69,572	3,375	(32,593)	40,354
Maintenance Equipment	154,041	81,393	(7,045)	228,389
Total being depreciated	\$6,846,563	\$157,598	(318,437)	\$6,685,724

RECREATION DISTRICT NO. 2 OF THE PARISH OF ST. MARY
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2017

Note 6 CAPITAL ASSETS (Continued)

Less accumulated depreciation:

Buildings & Improvements	\$1,888,451	\$203,914	\$(229,717)	\$1,862,648
Land Improvements	7,895	1,074	-	8,969
Recreation Equipment	238,229	34,725	(45,082)	227,872
Furniture & Office Equipment	81,694	13,418	(4,000)	91,112
Transportation Equipment	146,048	5,102	-	151,150
Kitchen Equipment	64,757	3,252	(32,593)	35,416
Maintenance Equipment	108,799	14,341	(7,045)	116,095
Totals	\$2,535,873	\$275,826	\$(318,437)	\$2,493,262
Capital assets, net	\$4,324,671			\$4,192,462

Depreciation expense of \$275,826 for the year was charged to the general government function in the statement of activities. Total additions to capital assets was \$157,598. There were \$318,437 in disposals were for the year.

Note 7 LONG TERM DEBT

General Obligations Bonds, Series 2012

On October 22, 2011, taxpayers approved an issuance of bonds and the levy of a special tax to issue \$2,000,000 of 10 year general obligation bonds of the District for The purpose of acquiring, constructing or improving the parks, recreation centers, and other recreational facilities for the District.

A summary of changes in long-term-debt of the District is as follows:

	Payable 9/30/16	Debt Incurred	Debt Retired	Payable 9/30/17
General Obligations Bonds, Series 2012	\$1,260,000	\$0	\$200,000	\$1,060,000

RECREATION DISTRICT NO. 2 OF THE PARISH OF ST. MARY
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2017

Note 7 LONG TERM DEBT (Continued)

The annual requirements, including interest, to amortize all long-term debt outstanding are as follows:

Maturity	Principal	Interest	Total
2018	205,000	19,533	224,533
2019	210,000	15,300	225,300
2020	210,000	11,016	221,016
2021	215,000	6,681	221,681
2022	220,000	2,244	222,244
Totals	\$1,060,000	\$54,774	\$1,114,774

NOTE 8 ON-BEHALF PAYMENTS FOR FRINGE BENEFITS

Property tax revenues include amounts withheld by the Sheriff to make "on-behalf payments for fringe benefits" which represents the District's pro-rata share of retirement plan contributions for other governmental units. Because the District is one of several 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 Parochial Employees Retirement System.

The pro-rata share of the required contribution (\$23,448) 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 RISK MANAGEMENT

The District is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; auto liability; general liability, errors and omissions and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements of claims have not exceeded coverage in the past three years.

RECREATION DISTRICT NO. 2 OF THE PARISH OF ST. MARY
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2017

NOTE 10 CONTINGENT LIABILITIES – SURPLUS DEBT SERVICE FUNDS

It is the opinion of the Office of the Attorney General of the State of Louisiana that after general obligation bonds have been paid in full, surplus ad valorem tax revenues attributable to the bonds should be returned to the taxpayers ratably, if practicable. If the expenses of such a return make this impractical, the excess revenues should be used for the purpose similar to that for which the bonds were authorized. The bonds were originally issued for re-roofing and renovating the recreation center and constructing an addition thereto; improving baseball fields and playgrounds; acquiring an activity bus; and making other improvements to recreational facilities. There is \$1,381 of accumulated surplus funds at September 30, 2017; however, the Board of Commissioners has agreed to reserve amounts in the future and budget and spend the surplus funds for capital outlay for the purpose for which the original bonds were authorized. This amount is reflected on the fund financial statements as Restricted for Capital Projects in the General Fund and is part of the restricted portion of net assets on the government-wide financial statements.

***REQUIRED SUPPLEMENTAL
INFORMATION***

RECREATION DISTRICT No. 2 OF THE PARISH OF ST. MARY

Budget Comparison Schedule - General Fund
For the Year Ended September 30, 2017

	Budgeted Amounts		Actual	Variance - Favorable (Unfavorable)
	Original	Final		
REVENUES				
Ad Valorem Taxes	\$ 400,000	\$ 430,000	\$ 448,272	\$ 18,272
Sales taxes	60,000	40,000	50,555	10,555
Interest	-	1,000	1,187	187
Rental & activity income	5,000	15,000	15,750	750
Other	150,000	142,000	4,028	(137,972)
Total Revenues	615,000	628,000	519,792	(108,208)
EXPENDITURES				
General government - current:				
Salaries and wages	218,000	122,550	143,888	(21,338)
Benefits	55,000	47,000	47,923	(923)
Commissioners per diem	700	450	450	-
Insurance	65,700	55,000	58,374	(3,374)
Utilities and telephone	65,000	60,000	54,914	5,086
Accounting and professional fees	27,000	16,000	16,505	(505)
Supplies and office	19,700	15,000	14,936	64
Repairs and maintenance	80,000	90,000	146,770	(56,770)
Truck, bus and tractor expenses	5,000	5,000	9,887	(4,887)
Summer program costs	18,000	10,000	11,328	(1,328)
Public relations	15,000	6,800	6,807	(7)
Pension - ad valorem tax	-	15,000	15,155	(155)
Other	16,300	120,600	9,245	111,355
Total current expenditures	585,400	563,400	536,182	27,218
Capital Expenditure	150,000	200,000	157,598	42,402
Total expenditures	735,400	763,400	693,780	69,620
Excess (Deficiency) of Revenues over Expenditures	(120,400)	(135,400)	(173,988)	(38,588)
FUND BALANCES				
Beginning of year	140,000	140,000	1,129,472	989,472
Ending of year	\$ 19,600	\$ 4,600	\$ 955,484	\$ 950,884

OTHER 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, 2017

Agency Head Name: Leroy Trim, Executive Director

Purpose	Amount
Salary	\$ 52,550
Benefits-insurance	\$ 12,298
Benefits-retirement	\$ 0
Benefits - FICA & Medicare	\$ 4,020
Benefits-other (describe)	\$ 0
Car allowance	\$ 0
Vehicle provided by government (enter amount reported on W-2 adjusted for various fiscal years)	\$ 0
Cell phone	\$ 0
Dues	\$ 0
Vehicle rental	\$ 0
Per diem	\$ 0
Reimbursements	\$ 0
Travel	\$ 0
Registration fees	\$ 0
Conference travel	\$ 0
Housing	\$ 0
Unvouchered expenses (example: travel advances, etc.)	\$ 0
Special meals	\$ 0
Other (including payments made by other parties on behalf of the agency head)	\$ 0
	<u>\$ 68,868</u>

This form is used to satisfy the reporting requirement of R.S. 24:513(A)(3) on Supplemental Reporting

***REPORTS REQUIRED BY GOVERNMENT
AUDITING STANDARDS***



STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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*

To the Board of Commissioners
Recreation District No. 2,
Parish of St. Mary
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 as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the basic financial statements and have issued our report thereon dated March 20, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Management's Response to Findings

Management's response to the findings identified in our audit is described in the accompanying schedule of current year findings and responses. The 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

This 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 entity'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.

Stagni & Company

Thibodaux, Louisiana
March 20, 2018



RECREATION DISTRICT NO. 2 OF THE PARISH OF ST. MARY
Schedule of Current Year Findings
For the Year Ended September 30, 2017

We have audited the financial statements of Recreation District No. 2, a component unit of the Parish of St. Mary, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the basic financial statements and have issued our report thereon dated March 20, 2018. We conducted our audit in accordance with auditing standards and the standards generally accepted in the United States of America applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Section I - Summary of Auditor's Reports

- The auditor's report expresses an unmodified opinion on the basic financial statements.
- No deficiencies in internal control over financial reporting were disclosed during the audit of the financial statements.
- No instances of noncompliance or other matters under *Government Auditing Standards* were disclosed during the audit of the financial statements.
- No instances of noncompliance under the provisions of Louisiana Governmental Audit Guide were disclosed during the audit of the basic financial statements.
- The District neither received nor expended any federal awards during the year.
- There was no management letter issued in connection with this audit.

Section II - Financial Statement Findings

- None

Section III - Federal Award Findings and Questioned Costs

- There were no federal award findings during the audit of the basic financial statements.

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

STATUS OF PRIOR AUDIT FINDINGS

For the Year Ended September 30, 2017

<u>Reference Number</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken (Yes, No, Partially)</u>
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Section I - Internal Control and Compliance Material to the Financial Statements:

none

Section II - Internal Control and Compliance Material to Federal Awards:

2016-001	2016	Public Bid Law	Resolved
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Section III - Management Letter:

none

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

**Statewide Agreed Upon Procedures Report
With Schedule of Findings and Management's Responses**

***As of and for the Year Ending
September 30, 2017***



STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

AGREED-UPON PROCEDURES REPORT Recreation District No. 2 of the Parish of St. Mary

Independent Accountant's Report
On Applying Agreed-Upon Procedures

For the Period October 1, 2016 - September 30, 2017

To the Board Members of the
Recreation District No. 2 and
Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Recreation District No. 2 of the Parish of St. Mary (the 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, 2016 through September 30, 2017. The District's management is responsible for those C/C areas identified in the SAUPs.

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*. 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 results are as follows:

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - 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.

- c) **Disbursements**, including processing, reviewing, and approving.
- d) **Receipts**, including receiving, recording, and preparing deposits.
- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- 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.
- 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, and (5) monitoring card usage.
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.
- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Results: The policies of the District address all of the functions listed that are applicable, with the following exceptions:

- The purchasing policy does not specifically state 1) how vendors are added to the vendor list; 2) controls to ensure compliance with the public bid law; and 3) documentation required to be maintained for all bids and price quotes.
- The disbursements policy does not mention the controls for processing disbursements.
- The contracts policy does not list the types of services requiring written contracts.
- The ethics policy does not state the actions to be taken if an ethics violation takes place or if there is a system to monitor possible ethics violations.
- There is no debt service policy.

Management's Response:

The omitted documentation from the above listed policies will be taken under advisement by the Board and will consider revising the policies as needed.

Debt Service Policy – Although the board does have a debt service policy; it does follow state laws and is in compliance with all covenants.



Board (or Finance Committee, if applicable)

2. Obtain and review the board/committee minutes for the fiscal period, and:
 - a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
 - b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
 - If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.
 - c) Report whether the minutes referenced or included non-budgetary financial information (e.g., approval of contracts and disbursements) for at least one meeting during the fiscal period.

Results: The District met at monthly during the fiscal year. The minutes do not reference budget-to-actual comparisons on the General Fund or other major funds. The minutes reference approvals of bids, contracts and material purchases.

Management's Response:

Monthly budget to actual comparisons were not presented to the board during the 2016-2017 fiscal year; however, those comparisons will be presented through the Finance Report of the board going forward.

Bank Reconciliations

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

Results: We obtained a listing of bank accounts from management and management's representation that the listing is complete.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three-year rotating basis (if more than five accounts). For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:
 - a) Bank reconciliations have been prepared;
 - b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and



- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Results: We selected seventeen (5) bank accounts and obtained bank statements and reconciliations. Criteria 4(a) and 4(c) were met without exception. While performing procedure 4(b), we noted that for five bank accounts, there was no evidence of review by a member of management or a board member.

Management's Response:

Bank reconciliations will be reviewed by management on a monthly basis.

Collections

- 5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

Results: We obtained from management a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

- 6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three-year rotating basis (if more than five locations).

For each cash collection location selected:

- a) Obtain existing written documentation (e.g., insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.
- b) Obtain existing written documentation (e.g., sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.
- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
 - Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.
 - Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.



Results: We selected one collection location for testing. Each person responsible for collecting cash is bonded. In most cases the person responsible for collecting cash was also responsible for depositing the cash, however, not for reconciling cash collections to the general ledger. While performing procedure 6(c), we noted that of the 12 deposits tested, all were deposited the same or next day. For all of the deposits tested, supporting documentation was not missing or incomplete.

7. Obtain existing written documentation (e.g., policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and 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) by a person who is not responsible for collections.

Results: The District has a process specifically defined in its policy to determine completeness of all collections for each revenue source by a person who is not responsible for collections.

Disbursements - General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

Results: We obtained from management a disbursements listing and management's representation that the listing is complete.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g., purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:
 - a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
 - b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
 - c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; (2) a receiving report showing receipt of goods purchased, or electronic equivalent; and (3) an approved invoice.

Results: We obtained supporting documentation for 25 disbursements. The criteria in steps 9(a), 9(b) and 9(c) were met for all 25 disbursements tested.



10. Using entity documentation (e.g., electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

Results: There is no documentation in the current policy stating persons responsible for processing payments are prohibited from adding vendors to the District's purchasing disbursement system.

Management's Response:

The omitted documentation from the above listed policy will be taken under advisement by the Board and will consider revising the policies as needed.

11. Using entity documentation (e.g., electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

Results: The persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

Results: No exceptions were identified as a result of these procedures.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

Results: No exceptions were identified as a result of these procedures.

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

14. 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.

Results: The District does not have any active credit cards, bank debit cards, fuel cards, and P-cards (cards) and we obtained management's representation that there are none.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with



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the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation 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) Report whether finance charges and/or late fees were assessed on the selected statements.

Results: This procedure is not applicable.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e., each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:
 - An original itemized receipt (i.e., identifies precisely what was purchased).
 - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
 - Other documentation that may be required by written policy (e.g., purchase order, written authorization).
- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/ disbursement policies and the Louisiana Public Bid Law (i.e., transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.
- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g., cash advances or non-business purchases, regardless of whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Results: This procedure is not applicable.

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

Results: The District does not have any travel and related expense reimbursements and we obtained management's representation that there is none.



18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

Results: This procedure is not applicable.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.
- b) Report whether each expense is supported by:
 - An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
 - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
 - Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)
- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g., hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.
- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: This procedure is not applicable.

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

Results: We obtained a listing of all contracts in effect during the fiscal period. We obtained management's representation that the listing is complete.



21. Using the listing above, select the five contract “vendors” that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:
- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.
 - b) Compare each contract’s detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
 - If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
 - If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.
 - c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.
 - d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.
 - e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g., Lawrason Act or Home Rule Charter).

Results: For the 3 contracts selected, 1 did not have a formal written contract that supported the arrangement and the amounts paid. None of the contracts selected were subject to public bid law. For the largest payment from each of the 3 contracts, the supporting invoice and related payment complied with the terms and conditions of the contract. One of the contracts was properly approved according to District’s policy and the approval was reported in the board minutes.

Management’s Response:

The Board will be more diligent in recognizing agreements that require contracts, approving contracts and including the approval in the minutes.

Payroll and Personnel

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management’s representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:
- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.



- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

Results: We obtained a listing of employees with their related salaries, and we obtained management's representation that the listing is complete. For the four employees selected, payments were made in strict accordance with the terms and conditions of the pay rate structure. No changes were made during the fiscal period for the employees selected.

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether 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.)
- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.
- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

Results: We obtained attendance and leave records and randomly selected one pay period in which leave has been taken by at least one employee. For procedure 23(a), all employees selected documented their daily attendance and leave maintained by the District Director. For procedure 23(b), vacation and sick leave for all employees selected were approved in writing.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

Results: There were no employees terminated during the fiscal period and we obtained from management representation that one employee is on permanent leave but was not terminated.

25. Obtain supporting documentation (e.g., cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

Results: We obtained supporting documentation relating to payroll taxes during the fiscal period. The employee and employer portions of payroll taxes and retirement contributions as well as the required reporting forms were submitted to the applicable agencies by the required deadlines.

Ethics (excluding nonprofits)



26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

Results: For the three of the four employees selected, the District did not have documentation to demonstrate that required ethics training was completed during the fiscal year.

Management's Response:

The three employees who did not have documentation that the required ethics training was completed during the fiscal year did have the required training completed on March 5, 2018.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Results: We obtained management's representation as to whether any alleged ethics violations were reported to the District during the fiscal period. Management has represented that they have received no such allegations.

Debt Service (excluding nonprofits)

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

Results: This procedure is not applicable to the District.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

Results: The District made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

Results: We obtained supporting documentation and have determined that millage collections did not exceed debt service payments by more than 10% during the fiscal period. There are no millages that continue to be received for debt that has been paid off.



Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Results: We obtained management's representation of whether the District had any misappropriations of public funds or assets. Management represented that the District has not had any misappropriations of public funds or assets.

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results: The District does not have a website. We inquired, however did not observe the posting of the notice required by R.S. 24:523.1.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

Results: No exceptions were identified as a result of these procedures.

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 is distributed by the LLA as a public document.

Stagni & Company

Houma, LA
March 20, 2018



STAGNI & COMPANY, LLC
