

**RECREATION DISTRICT NO. 2**

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

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

**and**

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

**For the Year Ended September 30, 2020**

## CONTENTS

### PAGE

### FINANCIAL INFORMATION SECTION

Independent Auditors' Report 1-3

#### Basic Financial Statements

##### Government-wide Financial Statements

Statement of Net Position 4

Statement of Activities 5

##### Fund Financial Statements

Balance Sheet-Governmental Funds 6

Statement of Revenues, Expenditures and  
Changes in Fund Balances-Governmental Funds 7

Notes to the Financial Statements 8-17

### REQUIRED SUPPLEMENTAL INFORMATION

Budget Comparison Schedule 18

### SUPPLEMENTAL INFORMATION

Schedule of Compensation, Benefits and Reimbursements  
To Agency Head 19

### INTERNAL CONTROL AND COMPLIANCE AND OTHER MATTERS SECTION

Independent Auditors' Report on Internal Control  
Over Financial Reporting and  
on Compliance and Other Matters Based on an  
Audit of Financial Statements Performed In  
Accordance with Government Auditing Standards 20-21

Schedule of Findings 22-23

Summary of Prior Year Findings and Corrective Action  
Prepared by Recreation District No. 2 of St. Mary Parish,  
State of Louisiana 24

FINANCIAL INFORMATION SECTION



a corporation of  
certified public accountants

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Recreation District No. 2 of the Parish of St. Mary, State of Louisiana (District), a component unit of St. Mary Parish, as of and for the year ended September 30, 2020, and the related notes to these financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of September 30, 2020 and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Matters

#### Required Supplementary Information

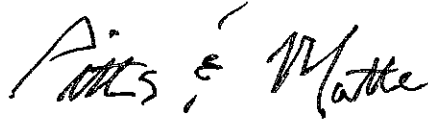
Accounting principles generally accepted in the United States of America require that management's discussion and analysis (MD &A), and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements,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

#### Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 28, 2021 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contract, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

Handwritten signature in cursive script that reads "Pitts & Mathe".

CERTIFIED PUBLIC ACCOUNTANTS

Morgan City, Louisiana

May 28, 2021

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

**Statement of Net Position  
September 30, 2020**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current assets	
Cash and cash equivalents	\$ 178,751
Due from other governments	25,024
Prepaid insurance	22,708
Deposit	305
Total current assets	<u>226,788</u>
Capital assets-net of accumulated depreciation	<u>3,721,342</u>
Total assets	<u><u>\$ 3,948,130</u></u>
<b>LIABILITIES AND NET POSITION</b>	
Liabilities	
Current liabilities	
Accounts payable and accrued expenses	\$ 13,394
Current portion of long-term debt	215,000
Total current liabilities	<u>228,394</u>
Noncurrent liabilities	
Noncurrent portion of long-term debt	<u>220,000</u>
Total noncurrent liabilities	<u>220,000</u>
Total liabilities	<u>448,394</u>
Net position	
Net investment in capital assets, net of related debt	3,286,342
Restricted for:	
Debt service	29,787
Unrestricted	183,607
Total net position	<u>3,499,736</u>
Total liabilities and net position	<u><u>\$ 3,948,130</u></u>

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

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

**Statement of Activities  
For the Year Ended September 30, 2020**

	<u>Total</u>
<u>Expenses</u>	
Current operating:	
Culture and recreation	
Salaries and wages	\$ 163,438
Benefits	53,480
Commissioners per diem	470
Insurance	67,496
Utilities & telephone	55,345
Accounting & professional fees	36,407
Supplies & office	7,294
Repairs & maintenance	166,920
Truck, bus, & tractor expenses	12,377
Public relations	7,263
Pension - ad valorem taxes	21,840
Miscellaneous	1,864
Depreciation expense	276,649
Interest and fiscal charges on debt	11,016
	881,859
 <u>Program revenues</u>	
Rental income	7,280
	7,280
 Net program expenses	874,579
 <u>General revenues</u>	
Taxes:	
Ad valorem	652,929
Sales tax allocation	43,365
Interest income	10,003
	706,297
 Increase (decrease) in net assets	(168,282)
Net position - beginning of year	3,668,018
Net position - end of year	\$3,499,736

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



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

**Balance Sheet  
Governmental Funds  
September 30, 2020**

	<u>Governmental Fund Types</u>		
	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 148,964	\$ 29,787	\$ 178,751
Due from other governments	25,024		25,024
Prepaid insurance	22,708		22,708
Deposits	305		305
	<hr/>	<hr/>	<hr/>
Total assets	\$ <u>197,001</u>	\$ <u>29,787</u>	\$ <u>226,788</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable and accrued expenses	\$ 13,394		13,394
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>13,394</u>	<u>-</u>	<u>13,394</u>
Fund balances:			
Nonspendable	22,708		22,708
Restricted for debt service		29,787	29,787
Unassigned	160,899		160,899
	<hr/>	<hr/>	<hr/>
Total fund balances (deficit)	<u>183,607</u>	<u>29,787</u>	<u>213,394</u>
Total liabilities and fund balances	\$ <u>197,001</u>	\$ <u>29,787</u>	\$ <u>226,788</u>

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

Total fund balance - Governmental Funds		\$	213,394
Amounts reported for governmental activities in the Statement of Net Position are different because:			
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.			3,721,342
Noncurrent liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet.			
Current portion of long-term debt	\$215,000		
Noncurrent portion of long-term debt	220,000		(435,000)
			<u>                    </u>
Net position of governmental activities		\$	<u>3,499,736</u>

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

**Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended September 30, 2020**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<u>Revenues</u>			
Rental and activity income	\$ 7,280		\$ 7,280
Ad valorem taxes	394,276	\$ 258,653	652,929
Sales tax allocation	43,365		43,365
Interest and investment income	9,985	18	10,003
	454,906	258,671	713,577
 <u>Expenditures</u>			
Current:			
Culture and recreation			
Salaries and wages	163,438		163,438
Benefits	53,480		53,480
Commissioners per diem	470		470
Insurance	67,496		67,496
Utilities & telephone	55,345		55,345
Accounting & professional fees	36,407		36,407
Supplies & office	7,294		7,294
Repairs & maintenance	166,920		166,920
Truck, bus, & tractor expenses	12,377		12,377
Public relations	7,263		7,263
Pension - ad valorem taxes	13,104	8,736	21,840
Miscellaneous	1,475	389	1,864
Debt service:			
Principal		210,000	210,000
Interest and fiscal charges		11,016	11,016
Total expenditures	585,069	230,141	815,210
Excess (deficit) of revenues over expenditures	(130,163)	28,530	(101,633)
Fund balances, beginning of year	313,770	1,257	315,027
Fund balances, end of year	\$ 183,607	\$ 29,787	\$ 213,394

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

Net change in fund balance prior to residual equity transfer - Governmental Funds	\$ (101,633)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation (\$276,649) exceeded capital outlays which meet the District's capitalization policy (\$0) in the current period.	(276,649)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduced long-term liabilities in the statement of net position. This is the amount by which repayments (\$210,000) exceeded proceeds (\$0).	<u>210,000</u>
Change in net position of governmental activities	<u><u>\$ (168,282)</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS**

**September 30, 2020**

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

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

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

**A. Reporting Entity**

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

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

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

These financial statements include only the operations of the District.

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

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

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

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

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

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

#### Governmental Funds

##### General Fund

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

##### Debt Service Fund

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

### D. Basis of Accounting

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

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

### Government-wide Statements

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

### Fund Financial Statements

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

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

### E. Revenues

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

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

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

Interest earnings are generally recorded when earned.

Substantially all other revenues are recorded when received.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Deferred Outflows and Inflows of Resources

The District has evaluated its transactions with the requirements of GASB pronouncements, related to deferred items, and determined that there are no significant transactions that meet the requirements of these statements. Therefore as of September 30, 2020, the District is not presenting any Deferred Outflows or Inflows of Resources in its financial statements.

G. Expenses/Expenditures

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

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

H. Cash and Cash Equivalents

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

I. Prepaid Expenses

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

J. Fixed Assets

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

Government-wide Statements

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



NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Fund Financial Statements

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

K. Long-term Debt

Government-wide Financial Statements

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

Fund Financial Statements

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

L. Equity Classifications

Government-wide Statements

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

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

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

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

### Fund Financial Statements

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

### M. Accounting Estimates

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

### N. Budget Process

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

## NOTE 2 - CASH AND CASH EQUIVALENTS

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

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

NOTE 2 - CASH AND CASH EQUIVALENTS (continued)

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

Cash and cash equivalents

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

At year end, the carrying amount of the District's cash was \$178,751 and the bank balance was \$235,122, all of which was covered by federal depository insurance.

NOTE 3 - TAXES

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

The District receives 22.09 mils of property tax. For the year ended September 30, 2020, 13.34 mils were distributed to the General Fund and dedicated to operations and maintenance and 8.75 mils were distributed to the Debt Service fund and dedicated to debt retirement. For the year ended September 30, 2020 each mil levied resulted in approximately \$29,700 in ad valorem taxes received by the District.

NOTE 4 - DUE FROM OTHER GOVERNMENTS

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

	Revenues	
	<u>Recorded</u>	<u>Receivable</u>
St. Mary Parish-Sales Tax Receivable-held by the Parish	\$43,365	\$25,024

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

NOTE 5 - FIXED ASSETS

Capital assets activity for the year ended September 30, 2020 is as follows:

	Balance September 30, <u>2019</u>	<u>Additions</u>	<u>(Deletions)</u>	Balance September 30, <u>2020</u>
Capital assets not being depreciated				
Land	\$ 13,981			\$ 13,981
Total capital assets not being depreciated	<u>13,981</u>			<u>13,981</u>
Capital assets				
Building and improvements	\$ 5,906,382			\$ 5,906,382
Land Improvements	21,482			21,482
Kitchen Equipment	48,243			48,243
Maintenance Equipment	228,389			228,389
Office F&F	138,410			138,410
Recreation Equipment	525,538			525,538
Transportation Equipment	<u>161,291</u>	-	-	<u>161,291</u>
Total other capital assets at historical cost	<u>7,029,735</u>	-	-	<u>7,029,735</u>
Less accumulated depreciation for:				
Building and improvements	(2,283,831)	(213,179)		(2,497,010)
Land Improvements	(11,117)	(1,074)		(12,191)
Kitchen Equipment	(40,001)	(1,520)		(41,521)
Maintenance Equipment	(151,592)	(15,577)		(167,169)
Office F&F	(113,584)	(6,883)		(120,467)
Recreation Equipment	(302,141)	(34,315)		(336,456)
Transportation Equipment	<u>(143,459)</u>	<u>(4,101)</u>	-	<u>(147,560)</u>
Total accumulated depreciation	<u>(3,045,725)</u>	<u>(276,649)</u>	-	<u>(3,322,374)</u>
Other capital assets, net	<u>3,984,010</u>	<u>(276,649)</u>	-	<u>3,707,361</u>
 Total capital assets, net	 <u>\$ 3,997,991</u>	 <u>\$ (276,649)</u>	 <u>\$ -</u>	 <u>\$ 3,721,342</u>

Depreciation expense for the year totaled approximately \$277,000.

NOTE 6- LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended September 30, 2020:

Balance at October 1, 2019	\$645,000
Additions	--
Reductions	<u>(210,000)</u>
Balance at September 30, 2020	<u>\$435,000</u>

Obligations payable at September 30, 2020, are as follows:

General Obligation Bonds

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

\$435,000

The following is an approximation of future debt requirements at September 30, 2020:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$215,000	\$ 6,681	\$221,681
2022	<u>220,000</u>	<u>2,244</u>	<u>222,244</u>
	<u>\$435,000</u>	<u>\$8,925</u>	<u>\$443,925</u>

NOTE 7 - PENSION PLAN

The District's employees are covered under the Federal Insurance Contributions Act (Social Security). The District makes the required contributions to the fund and is not responsible for the benefits. During the year ended September 30, 2020 the District contributed \$4,997 and the District's employees contributed \$4,997.

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

NOTE 8 – ON-BEHALF PAYMENTS

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

The pro-rata share of the required contribution (\$21,840) that was withheld by the Sheriff from property tax collections to satisfy the District’s obligation has been presented as “pension – ad valorem” in the expenditure of the General and Debt Service funds in these financial statements. The District has also increased its property tax revenues by the same amount of the expenditure.

NOTE 9 - COMPENSATION OF BOARD MEMBERS AND OFFICERS

Board members received the following per diems for the year ended September 30, 2020:

<u>Name</u>	<u>Amount</u>
Ann Poole	\$ 60
Gerren Thibodaux	100
Edward Thomas	100
Oscar Toups	120
Sandra Wilkerson	<u>90</u>
	<u>\$470</u>

NOTE 10 - CONCENTRATIONS

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

NOTE 11 - RISK MANAGEMENT AND CONTINGENCIES

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

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

REQUIRED SUPPLEMENTAL INFORMATION

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

**Budget Comparison Schedule  
General Fund  
(Unaudited)  
For the Year Ended September 30, 2020**

	Original <u>Budget</u>	Final <u>Budget</u>	Actual <u>Amounts</u>	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
Rental and activity income	\$ -	\$ -	\$ 7,280	\$ 7,280
Ad valorem taxes	400,000	400,000	394,276	(5,724)
Sales tax allocation	60,000	60,000	43,365	(16,635)
Interest and other income	-	-	9,985	9,985
	<u>460,000</u>	<u>460,000</u>	<u>454,906</u>	<u>(5,094)</u>
<u>Expenditures</u>				
Current:				
Culture and recreation				
Salaries and Wages	211,000	211,000	163,438	47,562
Benefits	55,000	55,000	53,480	1,520
Commissioners per diem	700	700	470	230
Insurance	60,000	60,000	67,496	(7,496)
Utilities & telephone	61,000	61,000	55,345	5,655
Accounting & professional fees	40,000	40,000	36,407	3,593
Supplies & office	8,600	8,600	7,294	1,306
Repairs & maintenance	105,000	105,000	166,920	(61,920)
Truck, bus, & tractor expenses	14,500	14,500	12,377	2,123
Summer program cost	10,000	10,000	-	10,000
Recreation Program Equipment	5,000	-	-	-
Public relations	10,000	10,000	7,263	2,737
Pension - ad valorem taxes	10,000	10,000	13,104	(3,104)
Miscellaneous	4,000	4,000	1,475	2,525
Capital Outlay	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>
	<u>694,800</u>	<u>689,800</u>	<u>585,069</u>	<u>104,731</u>
Excess (deficiency) of revenues over expenditures	<u>(234,800)</u>	<u>(229,800)</u>	<u>(130,163)</u>	<u>99,637</u>
Fund balances, beginning of year	<u>313,770</u>	<u>313,770</u>	<u>313,770</u>	<u>-</u>
Fund balances, end of year	<u>\$ 78,970</u>	<u>\$ 83,970</u>	<u>\$ 183,607</u>	<u>\$ 99,637</u>



SUPPLEMENTAL INFORMATION

**RECREATION DISTRICT NO. 2 OF THE PARISH OF ST. MARY**  
Schedule of Compensation, Benefits and Other Payments to Agency Head  
For the Year Ended September 30, 2020

Agency Head Name: Leroy Trim, Executive Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 54,600
Benefits-Insurance	15,439
Benefits - FICA & Medicare	4,177
Total	<u>\$ 74,216</u>

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

INTERNAL CONTROL AND COMPLIANCE  
AND OTHER MATTERS SECTION



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, and each major fund of the Recreation District No. 2 of the Parish of St. Mary, State of Louisiana (District), which comprise the District's basic financial statements as of and for the year ended September 30, 2020, and the related notes to the financial statements, and have issued our report thereon dated May 28, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

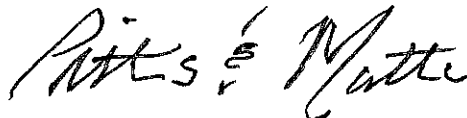
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during the audit we did not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

Compliance and Other Matters

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

Purpose of this Report

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



CERTIFIED PUBLIC ACCOUNTANTS

May 28, 2021  
Morgan City, Louisiana

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

**Schedule of Findings  
For the Year Ended September 30, 2020**

**A. SUMMARY OF AUDIT FINDINGS**

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

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

Internal Control Over Financial Reporting

No findings are required to be reported for the year ended September 30, 2020.

Compliance and Other Matters

No findings are required to be reported for the year ended September 30, 2020.

3. Federal Awards

This section is not applicable for the year ended September 30, 2020.

4. Management Letter

A separate letter dated May 28, 2021 was issued to the Board of Commissioners.

B. FINDINGS FINANCIAL STATEMENT AUDIT

NO MATTERS TO BE REPORTED.

C. FINDINGS AND QUESTIONED COSTS - FEDERAL AWARDS PROGRAMS

This section is not applicable for the year ended September 30, 2020.

**SUMMARY OF PRIOR YEAR FINDINGS AND RELATED CORRECTIVE ACTION  
PREPARED BY RECREATION DISTRICT NO. 2 OF ST. MARY PARISH**

No prior year findings.





**Management Letter**  
**Confidential Information**

May 26, 2021

Mr. Oscar Toups, Chairman  
Board of Commissions  
Recreation District No.2  
Parish of St. Mary  
1110 Grace St.  
Morgan City, LA 70380

Dear Mr. Toups:

During the course of the audit, we learned that the Commission's Executive Director was charged by the St. Mary Parish Sheriff's Office with malfeasance in office.

Based upon work we have performed; we understand that:

- 1) Law enforcement agencies are aware (St. Mary Parish Sheriff and 16<sup>th</sup> Judicial District Attorney's Office) of this.
- 2) In addition, that you and the other members of the board are aware of this matter and have taken any actions you believe are necessary.
- 3) That you have contacted the Louisiana Legislative Auditor's Office and have made them aware of this matter.
- 4) That court dates were set for these allegations for March 11, 2021 and later for May 12, 2021 however, the date has been extended until July 27, 2021.

Based upon information currently available, we are not aware at this time of any affects, if any, these proceedings may have on the Commission.

Respectfully Submitted,

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

Morgan City, Louisiana