

**RECREATION DISTRICT NO. 4
OF THE PARISH OF ST. MARY**
Patterson, Louisiana

Financial Report

Year Ended September 30, 2017

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KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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

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

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

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

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

* A Professional Accounting Corporation

WWW.KCSRPCAS.COM

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Recreation District No. 4 of the Parish of St. Mary
Patterson, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of Recreation District No. 4 of the Parish of St. Mary (hereinafter "District"), a component unit of the Parish of St. Mary, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the District, 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 Supplemental Information

Accounting principles generally accepted in the United States of America require that budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the budgetary comparison information on pages 22 and 23 because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2018 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
March 28, 2018

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

RECREATION DISTRICT NO. 4 OF THE PARISH OF ST. MARY
Patterson, Louisiana

Statement of Net Position
September 30, 2017

	<u>Governmental Activities</u>
ASSETS	
Cash and interest-bearing deposits	\$ 36,181
Investments	163,077
Due from primary government	20,000
Prepaid expenses	20,549
Capital assets:	
Land	22,000
Other, net of accumulated depreciation	<u>1,480,722</u>
Total assets	<u>1,742,529</u>
LIABILITIES	
Accounts payable	27,922
Rental deposits	<u>4,455</u>
Total liabilities	<u>32,377</u>
NET POSITION	
Net investment in capital assets	1,502,722
Unrestricted	<u>207,430</u>
Total net position	<u>\$ 1,710,152</u>

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

RECREATION DISTRICT NO. 4 OF THE PARISH OF ST. MARY
Patterson, Louisiana

Statement of Activities
Year Ended September 30, 2017

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
Culture and recreation	\$ 416,354	\$ 144,149	\$ 94,138	\$ (178,067)
				General revenues:
				Ad valorem taxes
				125,738
				Miscellaneous
				2,635
				Total general revenues
				128,373
				Change in net position
				(49,694)
				Net position - October 1, 2016
				1,759,846
				Net position - September 30, 2017
				\$ 1,710,152

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

FUND FINANCIAL STATEMENTS

RECREATION DISTRICT NO. 4 OF THE PARISH OF ST. MARY
Patterson, Louisiana

Balance Sheet
Governmental Funds
September 30, 2017

	<u>General</u>
ASSETS	
Assets:	
Cash and interest-bearing deposits	\$ 36,181
Investments	163,077
Due from primary government	20,000
Prepaid expenditures	<u>20,549</u>
Total assets	<u>\$ 239,807</u>
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	27,922
Rental deposits	<u>4,455</u>
Total liabilities	<u>32,377</u>
Fund balance:	
Nonspendable	20,549
Assigned	27,145
Unassigned	<u>159,736</u>
Total fund balance	<u>207,430</u>
Total liabilities and fund balance	<u>\$ 239,807</u>

(continued)

Balance Sheet (continued)
Governmental Funds
September 30, 2017

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

Total fund balances for governmental funds at September 30, 2017	\$ 207,430
Cost of capital assets:	
Land	22,000
Other, net of accumulated depreciation	<u>1,480,722</u>
Net position at September 30, 2017	<u>\$ 1,710,152</u>

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

RECREATION DISTRICT NO. 4 OF THE PARISH OF ST. MARY
Patterson, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
Year Ended September 30, 2017

	General
Revenues:	
Ad valorem taxes	\$ 125,738
Charges for services	61,165
Intergovernmental	72,358
Interest income	2,018
Miscellaneous	617
Recreation leagues	
Admissions	2,404
Advertising	2,900
Concessions	32,232
Donations	21,780
Registration and sponsor fees	21,238
Tournaments	24,210
Total revenues	366,660
Expenditures:	
Current -	
Culture and recreation	
Ad valorem tax deductions	4,158
Advertising	1,685
General administrative	993
Insurance	34,800
Intergovernmental	4,000
Meetings	530
Personal services	27,845
Professionals services	56,630
Recreation leagues	
Concessions	20,837
Miscellaneous	612
Sports officials	17,729
Supplies and materials	14,461
Tournaments	63,752
Repairs and maintenance	35,183
Supplies and materials	6,391
Utilities	37,510
Capital outlay	151,025
Total expenditures	478,141
Net change in fund balance	(111,481)
Fund balance, beginning	318,911
Fund balance, ending	\$ 207,430

(continued)

RECREATION DISTRICT NO. 4 OF THE PARISH OF ST. MARY
Patterson, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balance (continued)
Governmental Funds
Year Ended September 30, 2017

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

Total net changes in fund balance for the year ended September 30, 2017 per Statement of Revenues, Expenditures and Changes in Fund Balances	\$(111,481)
Cost of capital assets	151,025
Depreciation expense	<u>(89,238)</u>
Total changes in net position for the year ended September 30, 2017 per Statement of Activities	<u>\$ (49,694)</u>

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

RECREATION DISTRICT NO. 4 OF THE PARISH OF ST. MARY
Patterson, Louisiana

Notes to Financial Statements

Recreation District No. 4 of the Parish of St. Mary, State of Louisiana was created by an ordinance of the St. Mary Parish Council on July 27, 1990. The District encompasses Ward Five of the Parish. The District is governed by a Board of Commissioners appointed by the St. Mary Parish Council. The purpose of the District is to provide for cultural and recreational activities in that portion of the Parish.

(1) Summary of Significant Accounting Policies

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

A. Reporting Entity

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

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

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

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

RECREATION DISTRICT NO. 4 OF THE PARISH OF ST. MARY
Patterson, Louisiana

Notes to Financial Statements (continued)

B. Basis of Presentation

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

RECREATION DISTRICT NO. 4 OF THE PARISH OF ST. MARY
Patterson, Louisiana

Notes to Financial Statements (continued)

Governmental Funds –

General Fund – the general fund is the general operating fund of the District. It is used to account for all financial resources and operations of the District.

C. Capital Assets

Capital assets are capitalized at historical cost or estimated if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$5,000 or more for capitalizing assets.

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

Buildings	40 years
Equipment	5-12 years
Improvements	15-20 years

D. Measurement Focus/Basis of Accounting

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

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues are considered to be available if they are collected within 60 days of the end of the current fiscal period. The District uses the following practices in recording certain revenues and expenditures:

Revenues

Ad valorem taxes are recorded in the year taxes are assessed.

Other major revenues that are considered susceptible to accrual include earned grant and other intergovernmental revenues and interest on investments.

Substantially all other revenues are recorded when received.

RECREATION DISTRICT NO. 4 OF THE PARISH OF ST. MARY
Patterson, Louisiana

Notes to Financial Statements (continued)

Expenditures

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

E. Cash

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

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

F. Investments

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

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments meeting the criteria specified in the Statement are stated at fair value. Investments that do not meet the requirements are stated at cost. These investments include amounts invested in the Louisiana Asset Management Pool (LAMP).

G. Prepaid Items

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

H. Equity Classifications

Government-wide financial statements

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

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

RECREATION DISTRICT NO. 4 OF THE PARISH OF ST. MARY
Patterson, Louisiana

Notes to Financial Statements (continued)

3. Unrestricted - all other net position that does not meet the definition of "restricted" or "net investment in capital assets".

Fund financial statements

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

1. Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
2. Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
3. Committed - amounts that can be used only for specific purposes determined by a formal action of the Board of Commissioners. The Board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through formal actions approved by the Board of Commissioners.
4. Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the Board of Commissioners may assign amounts for specific purposes.
5. Unassigned - all other spendable amounts.

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

I. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions. Those estimates affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results may differ from these estimates.

RECREATION DISTRICT NO. 4 OF THE PARISH OF ST. MARY
Patterson, Louisiana

Notes to Financial Statements (continued)

(2) Cash and Interest-Bearing Deposits

Under state law, the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The District may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At September 30, 2017, the District has cash (book balances) totaling \$36,181 as follows:

Cash on hand	\$ 150
Demand deposits	36,031
Total	<u>\$ 36,181</u>

Under state law, deposits, (or the resulting bank balances) must be secured by federal deposit insurance or similar federal security or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the District in a holding or custodial bank that is mutually acceptable to both parties.

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the District's deposits may not be recovered or the District will not be able to recover collateral securities that are in the possession of outside parties. The District does not have a policy to monitor or attempt to reduce exposure to custodial credit risk. At September 30, 2017, the District has \$53,254 in deposits (bank balances). These deposits are fully secured from risk by federal deposit insurance and are, therefore, not exposed to custodial credit risk.

(3) Investments

Investments held at September 30, 2017 consist of \$163,077 in the Louisiana Asset Management Pool (LAMP). LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955.

GASB Statements No. 40, *Deposit and Investment Risk Disclosure*, requires the disclosure of credit risk, custodial credit risk, concentration of credit risk, and foreign currency risk for all public entity investments.

LAMP is a 2a7-like investment pool. The following facts are relevant for 2a7-like investment pools:

Credit risk – LAMP is rated AAAM by Standard & Poor's.

Custodial credit risk – LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not with the securities that make up the pool; therefore, no disclosure is required.

RECREATION DISTRICT NO. 4 OF THE PARISH OF ST. MARY
Patterson, Louisiana

Notes to Financial Statements (continued)

Concentration of credit risk – pooled investments are excluded from the 5 percent disclosure requirement.

Interest rate risk – 2a7-like investment pool are excluded from this disclosure requirement, per paragraph 15 of the GASB 40 statement.

Foreign currency risk – not applicable to 2a7-like pools.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair market value of investments is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

Fair Value Measurements

To the extent available, the District's investments are recorded at fair value as of September 30, 2017. GASB Statement No. 72, *Fair Value Measurements and Application*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The District measures and records its investments using fair value guidelines established by GASB 72, which recognizes a three-tiered fair value hierarchy as follows:

- Level 1 – quoted prices for identical investments in active markets
- Level 2 – observable inputs other than quoted market prices
- Level 3 – unobservable inputs

The District's investments in LAMP are measured using observable inputs other than quoted market prices (Level 2 inputs). The investments in LAMP are valued using quoted market prices of the underlying investment of LAMP on a weekly basis and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

(4) Ad Valorem Taxes

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

For the year ended September 30, 2017, taxes of 2.24 mills were levied on property with assessed valuations totaling \$56,951,264. Total taxes collected were \$125,738.

RECREATION DISTRICT NO. 4 OF THE PARISH OF ST. MARY
Patterson, Louisiana

Notes to Financial Statements (continued)

(5) Capital Assets

Capital asset activity for the year ended September 30, 2017 was as follows:

	<u>Balance</u> <u>10/1/2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>9/30/2017</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 22,000	\$ -	\$ -	\$ 22,000
Capital assets, being depreciated:				
Buildings	2,465,845	151,025	-	2,616,870
Equipment	187,531	-	-	187,531
Total	<u>2,675,376</u>	<u>151,025</u>	<u>-</u>	<u>2,826,401</u>
Less: accumulated depreciation				
Buildings	1,113,032	80,093	-	1,193,125
Equipment	121,409	9,145	-	130,554
Total	<u>1,234,441</u>	<u>89,238</u>	<u>-</u>	<u>1,323,679</u>
Net capital assets	<u>\$ 1,440,935</u>	<u>\$ 61,787</u>	<u>\$ -</u>	<u>\$ 1,502,722</u>

Depreciation expense in the amount of \$89,238 was charged to culture and recreation.

(6) Fund Balance

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

	<u>General</u>
Fund balances:	
Nonspendable for -	
Prepaid expenditures	\$ 20,549
Assigned	
Youth baseball/softball	24,611
Bidly basketball	2,534
	<u>27,145</u>
Unassigned	159,736
Total fund balances	<u>\$ 207,430</u>

RECREATION DISTRICT NO. 4 OF THE PARISH OF ST. MARY
Patterson, Louisiana

Notes to Financial Statements (continued)

(7) Compensation of Board Members

The schedule of compensation paid to the Board of Commissioners for the period ended September 30, 2017 in compliance with Louisiana Revised Statute 33:4572(B):

	<u>Per Diem Received</u>
William Miller	\$ 110
Warren Span	110
Edward Austin	100
Vinnie Byrd	110
Ashley Dinger	<u>100</u>
Total	<u>\$ 530</u>

Act 706 of the 2014 Legislative Session amended RS 24:513A requiring additional disclosure of total compensation, reimbursements, benefits, or other payments made to an agency head or chief officer. With the exception of per diem, no other payments which would require disclosure were made to the District's chief officer. For the year ended September 30, 2017, the District's chief officer, William Miller, received \$110 in per diem payments.

(8) Related Party Transactions

The St. Mary Parish Government (Parish) reimburses the District for the operation of the recreation leagues, the operation and maintenance of facilities, and the purchase of equipment. At September 30, 2017, parish reimbursements totaled \$50,958 and are recognized as intergovernmental revenue in the District's fund financial statements. The Parish also pays for the District's utilities and labor for the general upkeep of the recreation facilities. Total expense reimbursements made by the District for the year ended September 30, 2017 were \$4,000, which are included in intergovernmental expenses in the District's fund financial statements.

(9) Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has elected to purchase insurance coverage through the commercial insurance market to cover its exposure to loss. The District is insured up to policy limits for each of the above risks. There were no significant changes in coverage, retentions, or limits during the year ended September 30, 2017. Settled claims have not exceeded the commercial coverage in any of the previous three fiscal years.

REQUIRED SUPPLEMENTARY INFORMATION

RECREATION DISTRICT NO. 4 OF THE PARISH OF ST. MARY
Patterson, Louisiana

Budgetary Comparison Schedule
General Fund
Year Ended September 30, 2017

	Budgeted Amounts		Actual	Variance - Favorable (Unfavorable)
	Original	Final		
Revenues:				
Ad valorem taxes	\$ 120,000	\$ 125,501	\$ 125,738	\$ 237
Charges for services	65,000	62,401	61,165	(1,236)
Intergovernmental	71,400	72,357	72,358	1
Interest income	1,307	2,214	2,018	(196)
Miscellaneous	500	616	617	1
Recreation Leagues				
Admissions	1,000	-	2,404	2,404
Advertising	2,600	2,900	2,900	-
Concessions	13,000	32,232	32,232	-
Donations	7,000	20,230	21,780	1,550
Registration and sponsor fees	24,000	23,642	21,238	(2,404)
Tournaments	-	25,660	24,210	(1,450)
Total revenues	<u>305,807</u>	<u>367,753</u>	<u>366,660</u>	<u>(1,093)</u>
Expenditures:				
Current -				
Culture and recreation				
Ad valorem tax deductions	4,500	4,158	4,158	-
Advertising	1,000	1,000	1,685	(685)
General administrative	2,500	2,079	993	1,086
Insurance	35,000	35,416	34,800	616
Intergovernmental	5,000	4,000	4,000	-
Meetings	600	530	530	-
Personal services	30,000	30,421	27,845	2,576
Professionals services	52,000	78,197	56,630	21,567
Recreation Leagues				
Concessions	12,000	19,837	20,837	(1,000)
Miscellaneous	800	32	612	(580)
Sports officials	12,000	17,729	17,729	-
Supplies and materials	19,000	15,504	14,461	1,043
Tournaments	28,000	64,752	63,752	1,000
Repairs and maintenance	26,500	40,788	35,183	5,605
Supplies and materials	11,000	6,822	6,391	431
Utilities	45,000	45,813	37,510	8,303
Capital outlay	125,000	152,000	151,025	975
Total expenditures	<u>409,900</u>	<u>519,078</u>	<u>478,141</u>	<u>40,937</u>
Net change in fund balance	(104,093)	(151,325)	(111,481)	39,844
Fund balance, beginning	<u>318,911</u>	<u>318,911</u>	<u>318,911</u>	<u>-</u>
Fund balance, ending	<u>\$ 214,818</u>	<u>\$ 167,586</u>	<u>\$ 207,430</u>	<u>\$ 39,844</u>

See accompanying note to budgetary comparison schedule.

RECREATION DISTRICT NO. 4 OF THE PARISH OF ST. MARY
Patterson, Louisiana

Notes to Budgetary Comparison Schedule

(1) Budgetary Practices

The District prepares and adopts a budget in accordance with LSA-RS 39:1301 et seq. The budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). Budgeted amounts are as originally adopted or as finally amended by the District.

The District follows these procedures in establishing the budgetary data reflected in the financial statement:

1. The District prepares a proposed budget and submits it to the Board of Commissioners for approval.
2. Budgetary amendments involving the transfer of funds from one department, program, or function to another or involving increases in the expenditures resulting from revenue exceeding amount estimated require the approval of the Board of Commissioners.
3. All budgetary appropriations lapse at the end of each fiscal year.

INTERNAL CONTROL, COMPLIANCE AND OTHER MATTERS

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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

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

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

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

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

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

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

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

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

* A Professional Accounting Corporation

WWW.KCSRPCAS.COM

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

Members of the Board of Commissioners
Recreation District No. 4 of the Parish of St. Mary
Patterson, 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 the major fund of Recreation District No. 4 of the Parish of St. Mary (hereinafter "District"), a component unit of the Parish of St. Mary, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 28, 2018.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, we identified a deficiency in internal control that we consider to be a material weakness and which is described in the accompanying schedule of audit results and findings as item 2017-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report may be limited under Louisiana Revised Statute 24:513, this report if distributed by the Louisiana Legislative Auditor as a public document in accordance with Louisiana Revised Statute 44:6.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
March 28, 2018

RECREATION DISTRICT NO. 4 OF THE PARISH OF ST. MARY
Patterson, Louisiana

Schedule of Audit Results and Findings
Year Ended September 30, 2017

Part I. Summary of Auditor's Results

Unmodified opinions have been issued on the financial statements of the District's governmental activities and the major fund.

A deficiency in internal control was disclosed by the audit of the financial statements and is considered to be a material weakness.

There were no material instances of noncompliance required to be reported in accordance with *Government Auditing Standards*.

A management letter was issued.

Part II. Findings required to be reported in accordance with *Government Auditing Standards*:

A. Internal Control Findings-

2017-001 Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

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

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

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

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

RECREATION DISTRICT NO. 4 OF THE PARISH OF ST. MARY
Patterson, Louisiana

Schedule of Audit Results and Findings (continued)
Year Ended September 30, 2017

B. Compliance Findings-

There were no findings reported under this section.

Part III. Findings and questioned costs for federal awards required to be reported in accordance with the Uniform Guidance:

The requirements of the Uniform Guidance are not applicable for the year ended September 30, 2017.

RECREATION DISTRICT NO. 4 OF THE PARISH OF ST. MARY
Patterson, Louisiana

Summary Schedule of Prior Audit Findings
Year Ended September 30, 2017

A. Internal Control –

2016-001 – Inadequate Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

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

CURRENT STATUS: See schedule of audit results and findings, item 2017-001.

B. Compliance –

There were no findings reported under this section.

RECREATION DISTRICT NO. 4 OF THE PARISH OF ST. MARY
Patterson, Louisiana

Corrective Action Plan for Current Audit Findings
Year Ended September 30, 2017

2017-001 – Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

MANAGEMENT'S RESPONSE: Not considered necessary

KOLDER, SLAVEN & COMPANY, LLC

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MANAGEMENT LETTER

To the Board of Commissioners
Recreation District No. 4 of the Parish of St. Mary
Patterson, Louisiana

We have audited the financial statements of the governmental activities and the major fund of Recreation District No. 4 of the Parish of St. Mary (hereinafter "District") as of and for the year ended September 30, 2017 and have issued our report thereon dated March 28, 2018.

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

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

2017-ML-1 Related Party Transaction

During the fiscal year ended September 30, 2017, the District received IT services from a consulting company in which a managing partner is an immediate family member of a member of the District's governing body. The invoice paid, for services rendered, totaled \$838.

Management should communicate to all individuals associated with the District's daily operations any potential conflicts of interest to ascertain that related party transactions, such as the transaction described above, do not occur.

Our audit procedures are designed primarily to enable us to form an opinion on the financial statements, and therefore may not identify all weaknesses in policies and procedures or incidents of noncompliance that may exist. We aim, however, to use our knowledge of the District's operations gained during our work to make comments and suggestions that we hope will be useful to you.

This report is intended solely for the information and use of the District's management and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

Recreation District No. 4 of the Parish of St. Mary
Management Letter

We would like to express our appreciation to you for the courtesies and assistance rendered to us in the performance of our audit. Should you have any questions or need additional assistance, please feel free to contact us.

KOLDER, SLAVEN & COMPANY, LLC
Certified Public Accountants

Recreation District No. 4 of the Parish of St. Mary
P O Box 148
Patterson, LA 70392

March 28, 2018

Kolder, Slaven & Company, LLC
Suite 203
1234 David Drive
Morgan City, LA 70380

Re; 2017-ML-1 Related Party Transaction

To whom it may concern;

The Board will instruct the persons responsible for purchases to not enter into transactions with related parties of Board.

Those responsible persons and the Board will receive a listing of related parties as provided by the Board.

The Board and those responsible persons will receive and review the applicable State law concerning related party transactions.

If you have any questions, let me know.

Sincerely,


Vincent Byrd
Chairman