

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

Bayou Vista, Louisiana

Year Ended September 30, 2025

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Recreation District No. 3 of the Parish of St. Mary (hereinafter "District"), a component unit of the Parish of St. Mary, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of September 30, 2025, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplemental Information

Accounting principles generally accepted in the United States of America require budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 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 opinions on the basic financial statements are not affected by this missing information.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the schedule of ad valorem taxes collected, but does not include the basic financial statements and our auditor’s report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2026 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 solely 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 effectiveness of the District’s 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 17, 2026

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

Statement of Net Position
September 30, 2025

	Governmental Activities
ASSETS	
Cash and interest-bearing deposits	\$ 1,332,374
Taxes receivable	2,579
Prepaid expenses	44,557
Capital assets:	
Land and construction in progress	287,728
Other, net of accumulated depreciation	2,692,622
Deposits	375
Total assets	4,360,235
LIABILITIES	
Accounts, salaries, and other payables	26,795
Customer deposits	298
Total liabilities	27,093
NET POSITION	
Net investment in capital assets	2,980,350
Restricted for -	
Capital projects	2,376
Debt service	42,686
Unrestricted	1,307,730
Total net position	\$ 4,333,142

The accompanying notes to financial statements are an integral part of this statement.

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

Statement of Activities
Year Ended September 30, 2025

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Fees and Charges for Services	Operating Grants and Contributions	
Governmental activities:				
General government	\$ 951,592	\$ 79,984	\$ 22,500	\$ (849,108)
General revenues:				
Taxes:				
Property taxes, levied for maintenance				736,446
Interest and investment earnings				4,680
Other income				2,820
Total general revenues				743,946
Change in net position				(105,162)
Net position - October 1, 2024				4,438,304
Net position - September 30, 2025				\$ 4,333,142

The accompanying notes to financial statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

MAJOR FUND DESCRIPTION

General Fund

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

Debt Service Fund

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

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

Balance Sheet
Governmental Funds
September 30, 2025

	General	Debt Service	Other Governmental	Total
ASSETS				
Assets:				
Cash and interest-bearing deposits	\$ 1,287,312	\$ 42,686	\$ 2,376	\$ 1,332,374
Taxes receivable	2,579	-	-	2,579
Prepaid expenditures	44,557	-	-	44,557
Deposits	375	-	-	375
Total assets	\$ 1,334,823	\$ 42,686	\$ 2,376	\$ 1,379,885
LIABILITIES				
Liabilities:				
Accounts payable	\$ 12,039	\$ -	\$ -	\$ 12,039
Accrued liabilities	14,756	-	-	14,756
Customer deposits	298	-	-	298
Total liabilities	27,093	-	-	27,093
FUND BALANCES				
Fund balances:				
Nonspendable	44,557	-	-	44,557
Restricted	-	42,686	2,376	45,062
Unassigned	1,263,173	-	-	1,263,173
Total fund balance	1,307,730	42,686	2,376	1,352,792
Total liabilities and fund balances	\$ 1,334,823	\$ 42,686	\$ 2,376	\$ 1,379,885

(continued)

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

Balance Sheet (continued)
Governmental Funds
September 30, 2025

Reconciliation of the Governmental Funds' Balance Sheet to the Statement of Net Position

Total fund balances for governmental funds at September 30, 2025	\$ 1,352,792
Capital assets, net of accumulated depreciation	<u>2,980,350</u>
Net position at September 30, 2025	<u>\$ 4,333,142</u>

The accompanying notes to financial statements are an integral part of this statement.

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

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended September 30, 2025

	General	Debt Service	Other Governmental	Total
Revenues:				
Local sources-				
Intergovernmental	\$ 22,500	\$ -	\$ -	\$ 22,500
Ad valorem taxes	736,446	-	-	736,446
Fees and charges for services	79,984	-	-	79,984
Investment earnings	3,086	1,589	5	4,680
Other income	2,820	-	-	2,820
Total revenues	844,836	1,589	5	846,430
Expenditures:				
Current -				
Ad valorem tax deductions	21,616	-	-	21,616
General government	452,605	-	-	452,605
Professional fees	28,650	-	-	28,650
Repairs and maintenance	52,546	-	-	52,546
Utilities	82,776	-	-	82,776
Capital outlay	64,000	-	4,291	68,291
Total expenditures	702,193	-	4,291	706,484
Excess/(Deficiency) of revenues over expenditures	142,643	1,589	(4,286)	139,946
Other financing sources (uses):				
Transfers in	-	-	4,291	4,291
Transfers out	(4,291)	-	-	(4,291)
Total other financing sources (uses)	(4,291)	-	4,291	-
Net changes in fund balances	138,352	1,589	5	139,946
Fund balances, beginning	1,169,378	41,097	2,371	1,212,846
Fund balances, ending	\$ 1,307,730	\$ 42,686	\$ 2,376	\$ 1,352,792

(continued)

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

Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)
Governmental Funds
Year Ended September 30, 2025

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities

Total net changes in fund balances for the year ended September 30, 2025 per Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 139,946
Capital outlay	68,291
Depreciation expense	<u>(313,399)</u>
Total changes in net position for the year ended September 30, 2025 per Statement of Activities	<u>\$ (105,162)</u>

The accompanying notes to financial statements are an integral part of this statement.

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

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

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

The accounting and reporting policies of the District conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:513, the *Louisiana Audit Guide* and to the industry audit guide, *Audit of State and Local Governmental Units*.

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 nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*, as amended, established criteria for determining which component units should be considered part of the 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. These criteria include:

- 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's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

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

Notes to Financial Statements (continued)

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 funds maintained by the District and do not present information on the Parish Government, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

B. Basis of Presentation

The accompanying 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 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*, as amended, issued in June 1999.

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

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

Notes to Financial Statements (continued)

Governmental Funds –

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

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

C. Capital Assets

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded at acquisition value at the date of donation. The District maintains a threshold level of \$1,000 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 and improvements (including ball parks)	20 – 40 years
Recreational facilities and playground equipment	10 – 20 years
Equipment	5 – 12 years
Furniture	5 – 7 years
Intangibles	5 – 7 years

D. Measurement Focus/Basis of Accounting

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

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

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

Notes to Financial Statements (continued)

Revenues

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

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

Substantially all other revenues are recorded when received.

Expenditures

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

E. Cash

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

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

F. Investments

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

G. Prepaid Items

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

H. Interfund Activity

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

Permanent allocations of resources of the reporting entity are classified as interfund transfers. For the purpose of the statement of activities, all interfund transfers between governmental funds have been eliminated.

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

Notes to Financial Statements (continued)

I. Compensated Absences

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

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

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

Sick leave accrues at a rate of one (1) day per month worked the previous year, for a maximum of 12 days. Employees who have worked for over 10 years are awarded an additional 3 days. No sick days may be rolled over to the next year and are not payable upon termination.

Compensated absences liability is reported in accordance with GASBS No. 101, *Compensated Absences*. As of September 30, 2025, the liability increased by \$1,188, net.

J. Equity Classifications

Government-wide financial statements

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

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

When an expense is incurred for purposes for which both restricted and unrestricted net resources are available, the District considers restricted funds to have been spent first.

Fund financial statements

Fund balance for the District’s governmental funds is 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.

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

Notes to Financial Statements (continued)

2. Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
3. Committed - amounts that can be used only for specific purposes determined by a formal action of the Board of Commissioners. The Board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through formal actions of the Board of Commissioners.
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.

(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, 2025, the District has cash and interest-bearing deposits (book balances) totaling \$1,332,374.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at September 30, 2025 totaling \$1,350,822 are secured as follows:

Federal deposit insurance	\$ 585,749
Pledged securities	<u>765,073</u>
Total insured and secured	<u>\$ 1,350,822</u>

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

Notes to Financial Statements (continued)

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the District's deposits may not be recovered or the collateral securities that are in the possession of an outside party will not be recovered. The District does not have a policy to monitor or attempt to reduce exposure to custodial credit risk. At September 30, 2025, deposits in the amount of \$765,073 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the District's name.

(3) Ad Valorem Taxes

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

For the year ended September 30, 2025, taxes of 9.32 mills were levied on property for maintenance and operations with assessed valuations totaling \$82,369,604. Total taxes assessed were \$767,685.

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

Notes to Financial Statements (continued)

(4) Capital Assets

Capital asset activity for the year ended September 30, 2025 was as follows:

	Balance 10/01/24	Additions	Deletions	Balance 09/30/25
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 268,607	\$ -	\$ -	\$ 268,607
Construction in progress	14,830	4,291	-	19,121
Total	283,437	4,291	-	287,728
Capital assets being depreciated:				
Buildings	2,671,551	5,500	-	2,677,051
Recreational facilities and playground equipment	3,904,512	-	-	3,904,512
Ball parks	463,807	-	-	463,807
Equipment	351,338	58,500	-	409,838
Furniture	25,661	-	-	25,661
Intangibles	5,500	-	-	5,500
Total	7,422,369	64,000	-	7,486,369
Less: accumulated depreciation				
Buildings	1,753,764	76,869	-	1,830,633
Recreational facilities and playground equipment	1,986,801	208,771	-	2,195,572
Ball parks	419,070	11,382	-	430,452
Equipment	293,909	15,277	-	309,186
Furniture	23,412	-	-	23,412
Intangibles	3,392	1,100	-	4,492
Total	4,480,348	313,399	-	4,793,747
Capital assets being depreciated, net	2,942,021	(249,399)	-	2,692,622
Total capital assets	\$ 3,225,458	\$ (245,108)	\$ -	\$ 2,980,350

Depreciation expense in the amount of \$313,399 was charged to general government.

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

Notes to Financial Statements (continued)

(5) Accounts, Salaries, and Other Payables

The accounts, salaries, and other payables consisted of the following at September 30, 2025:

Governmental Activities:	
Accounts payable	\$ 12,039
Salaries, benefits, and taxes payable	<u>14,756</u>
Total	<u><u>\$ 26,795</u></u>

(6) Retirement System

Qualifying employees may participate in a SEP/IRA Retirement Plan that was established by the District during the year ended September 30, 2002. The District may opt to contribute 5% of the gross wages of each qualified employee to their individual SEP/IRA Retirement Plan account on a monthly basis. However, the District opted not to contribute to the individual SEP/IRAs during the year ended September 30, 2025.

(7) 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 governmental funds. The constraints placed on fund balances are presented as follows:

	General	Debt Service	Other Governmental	Totals
Fund balances:				
Nonspendable -				
Prepaid items	\$ 44,557	\$ -	\$ -	\$ 44,557
Restricted for -				
Capital projects	-	-	2,376	2,376
Debt service	-	42,686	-	42,686
Total fund balances - restricted	-	42,686	2,376	45,062
Unassigned	1,263,173	-	-	1,263,173
Total fund balances	<u>\$ 1,307,730</u>	<u>\$ 42,686</u>	<u>\$ 2,376</u>	<u>\$ 1,352,792</u>

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

Notes to Financial Statements (continued)

(8) Related-Party Transactions

The District recognized the following transaction with the St. Mary Parish Government (hereinafter “Parish”):

The Parish transferred \$22,500 to the District for operations and maintenance of its facilities. Such transfers are recognized as a component of revenue in the general fund of the District’s fund financial statements as Intergovernmental Revenue.

(9) Compensation Paid to Board Members

The schedule of compensation paid to the Board of Commissioners for the period ended September 30, 2025, in compliance with Louisiana Revised Statute 33:4564.8(B), is as follows:

	Per Diem <u>Received</u>
Calvin Johnson	\$ 780
Lane Boudreaux	715
Javon Charles	195
Cody Fontenot	325
Jeffrey Fitter	715
Rachel Kidder	650
Eddie Gay	650
Brian Head	<u>715</u>
Total	<u>\$ 4,745</u>

Act 706 of the 2014 Legislative Session amended RS 24:513A requiring additional disclosure of total compensation, reimbursements, benefits, or other payments made to an agency head or chief officer. For the year ended September 30, 2025, the District’s chief officer, Brian Head, received \$715 in per diem payments.

(10) 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, 2025. Settled claims have not exceeded the commercial coverage in any of the previous three fiscal years.

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

Notes to Financial Statements (continued)

(11) Tax Abatements

The District is subject to certain property tax abatements granted by the Louisiana Board of Commerce and Industry ("LBCI"), a state entity governed by board members representing major economic groups and gubernatorial appointees. Abatements to which the District may be subject include those issued for property taxes under the Industrial Tax Exemption Program ("ITEP") and the Restoration Tax Abatement Program ("RTAP"). In addition, local governments have the authority to grant sales tax rebates to taxpayers pursuant to the Enterprise Zone Tax Rebate Program. For the year ended September 30, 2025, the District incurred abatements of ad valorem taxes through ITEP.

ITEP is authorized by Article 7, Section 21(F) of the Louisiana Constitution. Companies qualifying as manufacturers can apply to the LBCI for a property tax exemption on all new property, as defined, used in the manufacturing process. Under ITEP, companies are required to promise to expand or build manufacturing facilities in Louisiana, with a minimum investment of \$5 million. The exemptions are granted for a 5-year term and are renewable for an additional 5-year term upon approval by LBCI. These state-granted abatements have resulted in reductions of property taxes, which the taxing district administers as a temporary reduction in the assessed value of the property involved. The abatement agreements stipulate a percentage reduction of property taxes, which can be as much as 100 percent. The local government may recapture abated taxes if a company fails to expand facilities or otherwise fails to fulfill its commitments under the agreement. For the year ended September 30, 2025, \$22,656 of the District's ad valorem tax revenues were abated by the State of Louisiana through ITEP.

(12) Subsequent Events

In October of 2025, the District issued a Two Million Dollar (\$2,000,000) Limited Tax Bond, Series 2025, with an interest rate of 4.75% payable through March 1, 2036.

(13) New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued the following pronouncements:

GASB Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This standard is effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The effect of implementation on the District's financial statements has not yet been determined.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This standard is effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The effect of implementation on the District's financial statements has not yet been determined.

REQUIRED SUPPLEMENTARY INFORMATION

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

Budgetary Comparison Schedule
General Fund
Year Ended September 30, 2025

	Budgeted Amounts		Actual	Variance - Favorable (Unfavorable)
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 22,500	\$ 22,500
Ad valorem taxes	792,251	792,251	736,446	(55,805)
Fees and charges for services	76,060	76,060	79,984	3,924
Investment earnings	2,700	2,700	3,086	386
Other income	4,643	4,643	2,820	(1,823)
Total revenues	<u>875,654</u>	<u>875,654</u>	<u>844,836</u>	<u>(30,818)</u>
Expenditures:				
Current -				
Ad valorem tax deductions	-	-	21,616	(21,616)
General government	433,362	433,362	452,605	(19,243)
Professional fees	27,000	27,000	28,650	(1,650)
Repairs and maintenance	270,000	270,000	52,546	217,454
Utilities	78,450	78,450	82,776	(4,326)
Capital outlay	45,000	45,000	64,000	(19,000)
Total expenditures	<u>853,812</u>	<u>853,812</u>	<u>702,193</u>	<u>151,619</u>
Excess (deficiency) of revenue over expenditures	<u>21,842</u>	<u>21,842</u>	<u>142,643</u>	<u>120,801</u>
Other financing sources (uses):				
Transfers out	-	-	(4,291)	(4,291)
Net change in fund balance	21,842	21,842	138,352	116,510
Fund balance, beginning	<u>1,169,378</u>	<u>1,169,378</u>	<u>1,169,378</u>	<u>-</u>
Fund balance, ending	<u>\$1,191,220</u>	<u>\$ 1,191,220</u>	<u>\$ 1,307,730</u>	<u>\$ 116,510</u>

See independent auditor's report and accompanying notes to budgetary comparison schedule.

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

Notes to Budgetary Comparison Schedule

(1) Budgetary Practices

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

- The Office Administrator prepares a proposed budget for the general fund and submits to the board for the fiscal year no later than fifteen days prior to the beginning of each fiscal year.
- A summary of the proposed budget is published, and the public notified that the proposed budget is available for public inspection.
- A public hearing is held on the proposed budget after publication of the call for the hearing.
- The District approves and adopts total budget revenue and expenditures only.
- All budgetary appropriations lapse at the end of each fiscal year.
- Level of budgetary control is exercised at the fund level.

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

OTHER INFORMATION

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

Schedule of Ad Valorem Taxes Collected
Year Ended September 30, 2025

<u>Year Ended September 30,</u>	<u>Millage</u>	<u>Taxes Collected</u>	<u>Amount Collected Per Millage</u>
2003	9.5	\$ 239,274	\$ 25,187
2004	9.5	\$ 240,568	\$ 25,323
2005	9.36	\$ 264,294	\$ 28,237
2006	9.36	\$ 245,908	\$ 26,272
2007	9.36	\$ 309,526	\$ 33,069
2008	9.36	\$ 404,687	\$ 43,236
2009	9.36	\$ 483,137	\$ 51,617
2010	9.36	\$ 554,352	\$ 59,226
2011	9.36	\$ 621,137	\$ 66,361
2012	9.36	\$ 820,602	\$ 87,671
2013	8.78	\$ 871,760	\$ 99,289
2014	8.78	\$ 748,487	\$ 85,249
2015	11.32	\$ 797,588	\$ 70,458
2016	11.32	\$ 809,400	\$ 71,502
2017	8.78	\$ 803,195	\$ 91,480
2018	8.78	\$ 582,503	\$ 66,344
2019	8.78	\$ 648,465	\$ 73,857
2020	9	\$ 757,638	\$ 84,182
2021	9	\$ 719,400	\$ 79,933
2022	9	\$ 626,220	\$ 69,580
2023	9	\$ 722,769	\$ 80,308
2024	9	\$ 823,407	\$ 91,490
2025	9.32	\$ 736,446	\$ 79,018

See independent auditor's report.

INTERNAL CONTROL, COMPLIANCE, AND OTHER MATTERS

KOLDER, SLAVEN & COMPANY, LLC

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Recreation District No. 3 of the Parish of St. Mary (hereinafter "District"), a component unit of the Parish of St. Mary, as of and for the year ended September 30, 2025, 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 17, 2026.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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. We identified certain deficiencies in internal control, described in the accompanying schedule of audit results and findings as items 2025-001 and 2025-002 that we consider to be material weaknesses.

Report on 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 financial statements. 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*.

District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of audit results and findings. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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. In accordance with Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
March 17, 2026

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

Schedule of Audit Results and Findings
Year Ended September 30, 2025

Part I. Summary of Auditor's Results

Financial Statements

1. Type of auditor's report issued on financial statements:

Opinion Unit	Type of Opinion
Governmental activities	Unmodified
Major funds:	
General	Unmodified
Debt service	Unmodified
Aggregate remaining fund information	Unmodified

2. Internal control over financial reporting:

Material weakness(es) identified?	✓	yes	no
Significant deficiency(ies) identified?		yes	✓ none reported

3. Noncompliance material to the financial statements? _____ yes _____ ✓ no

Other

4. Management letter issued? _____ yes _____ ✓ no

Part II. Findings reported in accordance with *Government Auditing Standards*

A. Internal Control

2025-001 – Inadequate Segregation of Duties

Year Initially Occurring: Unknown

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 condition is the result of a failure to design and implement policies and procedures necessary to achieve adequate internal control.

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

Schedule of Audit Results and Findings (continued)
Year Ended September 30, 2025

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.

2025-002 – Financial Reporting (Application of Generally Accepted Accounting Principles)

Year Initially Occurring: Unknown

CONDITION: The District lacks adequate staff and the expertise to prepare financial statements in accordance with U.S. generally accepted accounting principles (GAAP), as applicable to governmental entities.

CRITERIA: The District's internal control over financial reporting includes those policies and procedures that pertain to its ability to record, process, summarize, and report financial data consistent with the assertions embodied in the financial statements and to apply GAAP in the preparation of those financial statements and related disclosures.

CAUSE: The condition results from the relatively small size of the District and the increased costs of hiring personnel to prepare GAAP-based financial statements.

EFFECT: GAAP-based financial statements, as applicable to governmental entities, are not prepared by the District.

RECOMMENDATION: Management should evaluate the additional costs required to achieve the desired benefit and determine if it is economically feasible in relation to the benefit received.

B. Compliance

No findings are reported under this section.

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

The requirements of the Uniform Guidance are not applicable.

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

Summary Schedule of Prior Audit Findings
Year Ended September 30, 2025

A. Internal Control

2024-001 – Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

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

CURRENT STATUS: See schedule of audit results and findings, item 2025-001.

2024-002 – Financial Reporting

CONDITION: The District lacks adequate staff and the expertise to prepare financial statements in accordance with U.S. generally accepted accounting principles (GAAP), as applicable to governmental entities.

RECOMMENDATION: Management should evaluate the additional costs required to achieve the desired benefit and determine if it is economically feasible in relation to the benefit received.

CURRENT STATUS: See schedule of audit results and findings, item 2025-002.

B. Compliance

No findings were reported under this section.

C. OMB Uniform Guidance

No findings were reported under this section.

D. Management Letter

Not issued in the prior year.

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

Corrective Action Plan for Current Audit Findings
Year Ended September 30, 2025

2025-001 – Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

MANAGEMENT'S RESPONSE: Due to the size of the operation and the cost-benefit of additional personnel, we were advised that a response to this issue is not required.

2025-002 – Financial Reporting (Application of Generally Accepted Accounting Principles)

CONDITION: The District lacks adequate staff and the expertise to prepare financial statements in accordance with U.S. generally accepted accounting principles (GAAP), as applicable to governmental entities.

MANAGEMENT'S RESPONSE: The Board of Commissioners continues to evaluate the cost-benefit of outsourcing the preparation of the District's financial statements to its independent auditors rather than incur the costs to employ someone to prepare GAAP-based financial statements and have determined that it would be more cost effective to outsource the preparation of the financial statements. We will review the financial statements and related notes prior to accepting responsibility for their presentation and content.

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

Statewide Agreed-Upon Procedures

Fiscal period October 1, 2024 through September 30, 2025

KOLDER, SLAVEN & COMPANY, LLC

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

The Board of Commissioners
Recreation District No. 3 of the Parish of St. Mary, and
Louisiana Legislative Auditor

We have performed the procedures enumerated below on the control and compliance areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period October 1, 2024 through September 30, 2025. The management of the Recreation District No. 3 of the Parish of St. Mary (hereinafter "District") is responsible for those control and compliance areas identified in the SAUPs.

An agreed-upon procedures engagement involves the performing of specific procedures that the District has agreed to and acknowledged to be appropriate on those control and compliance areas identified in the LLA's SAUPs for the fiscal period October 1, 2024 through September 30, 2025 and report on exceptions based upon the procedures performed. Additionally, the LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. However, this report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated exceptions, if any, are as follows:

1) Written Policies and Procedures

- A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - ii. ***Purchasing***, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.
 - iii. ***Disbursements***, including processing, reviewing, and approving.

- iv. **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- v. **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
- vi. **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- vii. **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- viii. **Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- ix. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- xi. **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- xii. **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

2) Board or Finance Committee

Category excluded from procedures in the current period as per criteria of the LLA's Statewide Agreed Upon Procedures, Version 7.

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and
 - i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - ii. For those entities reporting on the governmental accounting model, review the minutes from all regularly scheduled board/finance committee meetings held during the fiscal year and observe whether the minutes from at least one meeting each month referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons, at a minimum, on all proprietary funds, and semi-annual budget-to-actual comparisons, at a minimum, on all special revenue funds.

- iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

3) Bank Reconciliations

Category excluded from procedures in the current period as per criteria of the LLA's Statewide Agreed Upon Procedures, Version 7.

- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
 - ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated, electronically logged); and
 - iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

4) Collections (excluding electronic funds transfers)

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - i. Employees responsible for cash collections do not share cash drawers/registers;
 - ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
 - iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and

- iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.
- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.
- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the 10 deposits and:
 - i. Observe that receipts are sequentially pre-numbered.
 - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - iii. Trace the deposit slip total to the actual deposit per the bank statement.
 - iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
 - v. Trace the actual deposit per the bank statement to the general ledger.

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

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
 - ii. At least two employees are involved in processing and approving payments to vendors;
 - iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;
 - iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
 - v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.
- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and
 - i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and

- ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.
- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards

Category excluded from procedures in the current period as per criteria of the LLA's Statewide Agreed Upon Procedures, Version 7.

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and
 - i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
 - ii. Observe that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under procedure #6B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

7) Travel and Travel-Related Expense Reimbursements (excluding card transactions)

Category excluded from procedures in the current period as per criteria of the LLA's Statewide Agreed Upon Procedures, Version 7.

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

- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);
- ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
- iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and
- iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

8) *Contracts*

Category excluded from procedures in the current period as per criteria of the LLA's Statewide Agreed Upon Procedures, Version 7.

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and
 - i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;
 - ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
 - iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and
 - iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

9) *Payroll and Personnel*

Category excluded from procedures in the current period as per criteria of the LLA's Statewide Agreed Upon Procedures, Version 7.

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
 - i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
 - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;

- iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
 - iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.
- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

10) Ethics

Category excluded from procedures in the current period as per criteria of the LLA's Statewide Agreed Upon Procedures, Version 7.

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
- i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
 - ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

11) Debt Service

Obtained management's representation that there were no bonds/notes and other debt instruments issued during the fiscal period or outstanding at the end of the fiscal period. Therefore, the procedures below are not applicable.

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

12) Fraud Notice

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.
- B. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

13) Information Technology Disaster Recovery/Business Continuity

Category excluded from procedures in the current period as per criteria of the LLA's Statewide Agreed Upon Procedures, Version 7.

- A. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
- B. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
- C. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
- D. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.
- E. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are a) hired before June 9, 2020 – completed training; and b) hired on or after June 9, 2020 – completed training within 30 days of initial service or employment.

14) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:

- i. Number and percentage of public servants in the agency who have completed the training requirements;
- ii. Number of sexual harassment complaints received by the agency;
- iii. Number of complaints which resulted in a finding that sexual harassment occurred;
- iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- v. Amount of time it took to resolve each complaint.

Exceptions

Exceptions found as a result of applying the procedures listed above are as follows:

Written Policies and Procedures

1. Written policies and procedures for payroll/personnel did not address (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
2. Written policies and procedures for contracting did not address (1) types of services requiring written contracts and (2) standard terms and conditions.
3. Written policies and procedures for travel and expense reimbursements did not address (2) dollar thresholds by category of expense.
4. Written policies and procedures for ethics did not address (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
5. The District maintains no written policies and procedures for debt service or information technology disaster recovery/business continuity.
6. Written policies and procedures for sexual harassment did not address (2) annual employee training and (3) annual reporting.

Collections

7. The employee responsible for collecting cash is also responsible for preparing bank deposits without reconciliation by another employee/official.
8. The employee responsible for collecting cash is also responsible for posting collection entries to the general ledger without another employee/official reconciling ledger postings to each other and to the deposit.

Non-Payroll Disbursements

9. At least two employees are involved in processing and approving payments to vendors exceeding \$500; however, in accordance with the District's policy, only one employee is involved in processing and approving payments less than \$500.

10. The employee responsible for processing payments is not prohibited from adding/modifying vendor files.
11. The employee responsible for processing payments is also responsible for mailing payments.

Prevention of Sexual Harassment

12. One (1) of five (5) employees selected did not complete the one-hour sexual harassment training required by R.S. 42:343.

Management's Response

The District concurs with the exceptions and is working to address the deficiencies identified.

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

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those control and compliance areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. This report is intended solely for the information of and use by the District's management and the LLA and is not intended to be and should not be used by anyone other than these specified parties. Accordingly, this report is not suitable for any other purpose. In accordance with Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
March 17, 2026