

**RECREATION DISTRICT NO. 1
OF THE PARISH OF ST. MARY**
Amelia, Louisiana

Financial Report

Year Ended September 30, 2018

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1-2
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of net position	5
Statement of activities	6
Fund Financial Statements	
Governmental funds:	
Balance sheet	9-10
Statement of revenues, expenditures, and changes in fund balances	11-12
Notes to financial statements	13-23
REQUIRED SUPPLEMENTARY INFORMATION	
General Fund:	
Budgetary comparison schedule	25
Note to budgetary comparison schedule	26
INTERNAL CONTROL, COMPLIANCE AND OTHER MATTERS	
Independent auditor's report on internal control over financial reporting and on compliance and matters based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i>	28-29
Schedule of audit results and findings	30-31
Summary schedule of prior audit findings	32
Corrective action plan for current audit findings	33

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Recreation District No. 1 of the Parish of St. Mary
Amelia, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Recreation District No. 1 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, 2018, 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 each major fund of the District, as of September 30, 2018, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that 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 25 and 26 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 19, 2019, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, 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 19, 2019

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

RECREATION DISTRICT NO. 1 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Statement of Net Position
September 30, 2018

	<u>Governmental Activities</u>
ASSETS	
Cash and interest-bearing deposits	\$ 1,058,240
Receivables, net	29,800
Investments	356,660
Prepaid expenses	3,059
Capital assets:	
Land and construction in progress	83,250
Other, net of accumulated depreciation	<u>1,429,155</u>
TOTAL ASSETS	<u>2,960,164</u>
LIABILITIES	
Accounts, salaries, and other payables	<u>21,994</u>
NET POSITION	
Net investment in capital assets	1,512,405
Unrestricted	<u>1,425,765</u>
TOTAL NET POSITION	<u>\$ 2,938,170</u>

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

RECREATION DISTRICT NO. 1 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Statement of Activities
Year Ended September 30, 2018

Functions/Programs	Expenses	Program Revenues Charges for Services	Net (Expense) Revenue and Changes in Net Position
Governmental activities:			
Culture and recreation	\$ 451,256	\$ 12,682	\$ (438,574)
Interest on debt	1,758	-	(1,758)
Total governmental activities	\$ 453,014	\$ 12,682	(440,332)
General revenues:			
Taxes:			
Property taxes, levied for maintenance and debt service			203,132
Sales taxes			206,530
Interest and investment earnings			7,271
Miscellaneous			977
Total general revenues			417,910
Change in net position			(22,422)
Net Position - October 1, 2017			2,960,592
Net Position - September 30, 2018			\$ 2,938,170

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

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, general obligation bond principal, interest, and related costs.

RECREATION DISTRICT NO. 1 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Balance Sheet
Governmental Funds
September 30, 2018

	<u>General</u>
ASSETS	
Assets:	
Cash and interest-bearing deposits	\$ 1,058,240
Investments	356,660
Prepaid expenditures	3,059
Due from other governmental units	<u>29,800</u>
Total assets	<u>\$ 1,447,759</u>
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	\$ 18,260
Accrued liabilities	<u>3,734</u>
Total liabilities	21,994
Fund balance:	
Unassigned	<u>1,425,765</u>
Total liabilities and fund balances	<u>\$ 1,447,759</u>

(continued)

RECREATION DISTRICT NO. 1 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Balance Sheet (continued)
Governmental Funds
September 30, 2018

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

Total fund balances for governmental funds at September 30, 2018	\$ 1,425,765
Total net position reported for governmental activities in the statement of net position is different because:	
Cost of capital assets, net of accumulated depreciation	<u>1,512,405</u>
Net Position at September 30, 2018	<u><u>\$ 2,938,170</u></u>

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

RECREATION DISTRICT NO. 1 OF THE PARISH OF ST. MARY
Amelia, Louisiana

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

	General	Debt Service	Total Governmental Funds
Revenues:			
Sales tax	\$ 206,530	\$ -	\$ 206,530
Ad valorem taxes	203,132	-	203,132
Rental income	7,865	-	7,865
Concession income	4,817	-	4,817
Interest income	6,881	390	7,271
Other	977	-	977
Total revenues	430,202	390	430,592
Expenditures:			
Current -			
Culture and recreation			
Advertising	1,021	-	1,021
Concessions	1,729	-	1,729
Gas and diesel	6,197	-	6,197
Insurance	36,443	-	36,443
Lawn care labor	1,965	-	1,965
Miscellaneous	990	353	1,343
Office supplies	5,691	-	5,691
Operating supplies	12,265	-	12,265
Pension deduction from ad valorem taxes	7,138	-	7,138
Professional services	20,525	-	20,525
Recreation	1,107	-	1,107
Repairs and maintenance	19,133	-	19,133
Retirement plan	2,626	-	2,626
Salaries, wages, and benefits	165,860	-	165,860
Utilities and telephone	63,410	-	63,410
Capital outlay	30,050	-	30,050
Debt service -			
Interest and fees	-	2,093	2,093
Principal	-	90,000	90,000
Total expenditures	376,150	92,446	468,596
Excess (Deficiency) of revenues over expenditures	54,052	(92,056)	(38,004)
Other financing sources (uses):			
Operating transfers in	-	17,441	17,441
Operating transfers out	(17,441)	-	(17,441)
Total other financing sources	(17,441)	17,441	-
Net change in fund balances	36,611	(74,615)	(38,004)
Fund balances, beginning	1,389,154	74,615	1,463,769
Fund balances, ending	\$ 1,425,765	\$ -	\$ 1,425,765

(continued)

RECREATION DISTRICT NO. 1 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)
Governmental Funds
Year Ended September 30, 2018

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, 2018	
Per Statement of Revenues, Expenditures and Changes in Fund Balances	\$ (38,004)
The change in net position reported for governmental activities in the statement of activities is different because:	
Bond principal payments	90,000
Change in accrued interest	335
Cost of capital assets	30,050
Depreciation expense	(104,197)
Net effects of sales/dispositions of capital assets	<u>(606)</u>
Total changes in net position for the year ended September 30, 2018 per Statement of Activities	<u>\$ (22,422)</u>

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

RECREATION DISTRICT NO. 1 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

Recreation District No. 1 of the Parish of St. Mary, State of Louisiana was created by Ordinance No. 942 issued by the St. Mary Parish Police Jury (predecessor of the St. Mary Parish Council) on November 14, 1984. The District encompasses Ward Nine 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.

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

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

RECREATION DISTRICT NO. 1 OF THE PARISH OF ST. MARY
Amelia, 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*, 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, 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 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 District’s general fund and debt service fund were determined to be major funds and are described below:

RECREATION DISTRICT NO. 1 OF THE PARISH OF ST. MARY
Amelia, 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, except those required to be accounted for in other funds.

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

C. Capital Assets

Capital assets are capitalized at historical cost or estimated cost (the extent to which fixed asset costs have been estimated and the methods of estimation should be disclosed) if historical cost is not available (or describe other method of valuation). 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 \$500 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	40 years
Equipment	5-10 years
Vehicles	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. 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:

RECREATION DISTRICT NO. 1 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Notes to Financial Statements (continued)

Revenues

Sales taxes are recorded when earned.

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

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 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. Interfund Receivables and Payables

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

RECREATION DISTRICT NO. 1 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Notes to Financial Statements (continued)

I. Compensated Absences

Employees earn annual and sick leave at varying rates depending upon length of service. No liability has been accrued for compensated absences because the amount is immaterial.

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 do 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.

RECREATION DISTRICT NO. 1 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Notes to Financial Statements (continued)

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.

K. Use of Restricted Funds

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

L. 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.

(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, 2018, the District has cash and interest-bearing deposits (book balances) totaling \$1,058,240, as follows:

Cash and interest-bearing deposits	<u>\$1,058,240</u>
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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 or the pledging fiscal agent bank by a holding or custodial bank that is mutually acceptable to both parties.

RECREATION DISTRICT NO. 1 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Notes to Financial Statements (continued)

Deposit balances (bank balances) at September 30, 2018 totaling \$1,060,515 are secured as follows:

Bank balances	<u>\$ 1,060,515</u>
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At September 30, 2018, the deposits are secured as follows:

Federal deposit insurance	\$ 500,000
Pledged securities	<u>560,515</u>
Total	<u>\$ 1,060,515</u>

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, 2018, deposits in the amount of \$560,515 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 the District's name.

(3) Investments

Investments held at September 30, 2018 consist of \$356,660 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 investments 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.

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.

RECREATION DISTRICT NO. 1 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Notes to Financial Statements (continued)

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, 2018. 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. The District receives most of the ad valorem taxes in January and February.

For the year ended September 30, 2018, taxes of 2.85 mills were levied on property with assessed valuations totaling \$90,764,271 and were dedicated as follows:

Maintenance and operations	2.50
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Total taxes levied were \$226,910.

RECREATION DISTRICT NO. 1 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Notes to Financial Statements (continued)

(5) Receivables/Due from Other Governmental Units

The following is a summary of amounts due from other governmental units at September 30, 2018:

	Governmental Activities
Due from -	
St. Mary Parish Sales and Use Tax Department	\$ 29,800

(6) Capital Assets

Capital asset activity for the year ended September 30, 2018 was as follows:

	Balance 10/1/2017	Additions	Deletions	Balance 9/30/2018
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 80,000	\$ -	\$ -	\$ 80,000
Construction in progress	-	3,250	-	3,250
Capital assets being depreciated:				
Buildings and improvements	2,996,313	13,367	-	3,009,680
Equipment	325,230	13,433	(12,566)	326,097
Vehicles	27,672	-	-	27,672
Total	3,429,215	30,050	(12,566)	3,446,699
Less: accumulated depreciation				
Buildings and improvements	1,582,510	82,988	-	1,665,498
Equipment	243,947	15,675	(11,960)	247,662
Vehicles	15,600	5,534	-	21,134
Total	1,842,057	104,197	(11,960)	1,934,294
Net capital assets	\$1,587,158	\$ (74,147)	\$ (606)	\$1,512,405

Depreciation expense in the amount of \$104,197 was charged to culture and recreation.

RECREATION DISTRICT NO. 1 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Notes to Financial Statements (continued)

(7) Change in Noncurrent Liabilities

Bonds retired at September 30, 2018 are comprised of the following issues:

\$1,000,000 General Obligation Bonds, Series 2003, due in annual installments of \$45,000 to \$90,000 through March 1, 2018, interest rates ranging from 3.75% to 4.75% payable from ad valorem taxes of the District.

During year ended September 30, 2018, the following changes occurred in noncurrent liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
General obligation bonds	\$ 90,000	\$ -	\$ (90,000)	\$ -	\$ -

The District had no debt outstanding at September 30, 2018.

(8) Retirement System

All employees of the District participate in the Social Security System. The District and its employees contribute a percentage of each employee's salary to the System (7.65% contributed by the District). In addition, effective March, 2014, qualified employees also belong to a SEP/IRA Retirement Plan. The District contributed 3% of the gross wages of each qualified employee to their individual SEP/IRA Retirement Plan account for the year ended September 30, 2018. The District's contributions to the above plans totaled approximately \$12,665, \$12,545, and \$12,619 for the years ended September 30, 2018, 2017, and 2016, respectively. There were no unfunded contributions at year-end.

RECREATION DISTRICT NO. 1 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Notes to Financial Statements (continued)

(9) Compensation Paid To Board Members

The schedule of compensation paid to the board of Commissioners for the period ended September 30, 2018 in compliance with Louisiana Revised Statute 33:4572(B):

	<u>Per Diem Received</u>
Steve Patureau	\$ 110
Melanie Butcher	120
Timothy J. Aucoin	110
Leander Gaudet	<u>100</u>
Total	<u>\$ 440</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, 2018 the District's chief officer, Steve Patureau, received \$110 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, 2018. Settled claims have not exceeded the commercial coverage in any of the previous three fiscal years.

REQUIRED SUPPLEMENTARY INFORMATION

RECREATION DISTRICT NO. 1 OF THE PARISH OF ST. MARY
 Amelia, Louisiana
 Budgetary Comparison Schedule
 General Fund
 Year Ended September 30, 2018

	Budgeted Amounts		Actual	Variance - Favorable (Unfavorable)
	Original	Final		
Revenues:				
Sales tax	\$ 200,000	\$ 200,000	\$ 206,530	\$ 6,530
Ad valorem taxes	175,000	175,000	203,132	28,132
Rental income	9,000	9,000	7,865	(1,135)
Concessions income	7,500	7,500	4,817	(2,683)
Interest income	1,000	1,000	6,881	5,881
Other	5,500	5,500	977	(4,523)
Total revenues	<u>398,000</u>	<u>398,000</u>	<u>430,202</u>	<u>32,202</u>
Expenditures:				
Current -				
Culture and recreation				
Advertising	1,200	1,200	1,021	179
Concessions	5,000	5,000	1,729	3,271
Gas and diesel	7,500	7,500	6,197	1,303
Insurance	60,000	60,000	36,443	23,557
Lawn care labor	2,000	2,000	1,965	35
Miscellaneous	28,465	28,465	990	27,475
Office supplies	3,500	3,500	5,691	(2,191)
Operating supplies	16,000	16,000	12,265	3,735
Pension	-	-	7,138	(7,138)
Professional services	55,000	55,000	20,525	34,475
Recreation	5,000	5,000	1,107	3,893
Repairs and maintenance	23,000	23,000	19,133	3,867
Retirement Plan	2,500	2,500	2,626	(126)
Salaries, wages, and benefits	130,000	130,000	165,860	(35,860)
Utilities and telephone	61,500	61,500	63,410	(1,910)
Capital outlay	<u>500,000</u>	<u>500,000</u>	<u>30,050</u>	<u>469,950</u>
Total expenditures	<u>900,665</u>	<u>900,665</u>	<u>376,150</u>	<u>524,515</u>
Net change in fund balance	(502,665)	(502,665)	54,052	556,717
Other financing sources:				
Transfers out	-	-	(17,441)	(17,441)
Total other financing sources	<u>-</u>	<u>-</u>	<u>(17,441)</u>	<u>(17,441)</u>
Fund balance, beginning	<u>1,389,154</u>	<u>1,389,154</u>	<u>1,389,154</u>	<u>-</u>
Fund balance, ending	<u>\$ 886,489</u>	<u>\$ 886,489</u>	<u>\$ 1,425,765</u>	<u>\$ (509,754)</u>

See accompanying note to budgetary comparison schedule.

RECREATION DISTRICT NO. 1 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Note 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 and as amended by the District.

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.

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*

Members of the Board of Commissioners
Recreation District No. 1 of the Parish of St. Mary
Amelia, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Recreation District No. 1 of the Parish of St. Mary (the "District"), a component unit of the Parish of St. Mary, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 19, 2019.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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 certain deficiencies in internal control that we consider to be material weaknesses and which are described in the accompanying schedule of audit results and findings as items 2018-001 and 2018-002.

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 found no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

District's Response to Findings

The District's responses to the findings identified in our audit are included in the accompanying corrective action plan for current audit findings. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on the responses.

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 the provisions of Louisiana Revised Statute 24:513, this report is 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 19, 2019

RECREATION DISTRICT NO. 1 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Schedule of Audit Results and Findings
Year Ended September 30, 2018

Part I. Summary of Auditor's Results:

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

Material weaknesses in internal control were disclosed by the audit of the financial statements. No significant deficiencies were reported.

No instances of noncompliance which are material to the financial statements and required to be reported in accordance with *Government Auditing Standards* were disclosed during the audit.

A management letter was not issued.

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

A. Internal Control

2018-001 – Inadequate 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. 1 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Schedule of Audit Results and Findings (continued)
Year Ended September 30, 2018

2018-002 - Financial Reporting

CONDITION: Management and staff lack the expertise and/or experience in the selection and application of generally accepted accounting principles, as applicable to governmental entities, in the financial statement preparation process.

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, including the ability of its management and staff to detect potential misstatements that may exist in the financial statements and related disclosures.

CAUSE: The condition results from a reliance on the external auditor as part of the internal control process.

EFFECT: Financial statements and related notes may reflect a material departure from generally accepted accounting principles.

RECOMMENDATION: The additional costs required to achieve the desired benefit may not be economically feasible.

RECREATION DISTRICT NO. 1 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Summary Schedule of Prior Audit Findings
Year Ended September 30, 2018

A. Internal Control

2017-001 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 2018-001.

2017-002 Financial Reporting

CONDITION: Management and staff lack the expertise and/or experience in the selection and application of generally accepted accounting principles, as applicable to governmental entities, in the financial statement preparation process.

RECOMMENDATION: The additional costs required to achieve the desired benefit may not be economically feasible.

CURRENT STATUS: See schedule of audit results and findings, item 2018-002.

RECREATION DISTRICT NO. 1 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Corrective Action Plan for Current Audit Findings
Year Ended September 30, 2018

2018-001 – Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

MANAGEMENT'S RESPONSE: Not considered necessary.

2018-002 - Financial Reporting

CONDITION: Management and staff lack the expertise and/or experience in the selection and application of generally accepted accounting principles, as applicable to governmental entities, in the financial statement preparation process.

MANAGEMENT'S RESPONSE: The financial reporting process will continue to be outsourced to the District's external auditors due to the increased costs necessary to correct the condition.

**RECREATION DISTRICT NO. 1
OF THE PARISH OF ST. MARY**

Statewide Agreed-Upon Procedures

Fiscal period October 1, 2017 through September 30, 2018

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

To the Board of Commissioners
Recreation District No. 1 of the Parish of St. Mary
Amelia, Louisiana

We have performed the procedures enumerated below, which were agreed to by the Recreation District No. 1 of the Parish of St. Mary (hereinafter "District") and the Louisiana Legislative Auditor (LLA) on the control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period October 1, 2017 through September 30, 2018, as required by the *Louisiana Governmental Audit Guide*. The District's management is responsible for those control and compliance areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated exceptions are as follows:

Written Policies and Procedures

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

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

District does not have any written policies or procedures that address the categories or subcategories noted above.

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

District does not have any written policies or procedures that address the categories or subcategories noted above.

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

District does not have any written policies or procedures that address the categories or subcategories noted above.

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).

District does not have any written policies or procedures that address the categories or subcategories noted above.

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

Written policies and procedures were obtained and do not address (1) payroll processing and (2) reviewing and approving time and attendance records, including overtime worked.

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

District does not have any written policies or procedures that address the categories or subcategories noted above.

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

District does not have any written policies or procedures that address the categories or subcategories noted above.

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

District does not have any written policies or procedures that address the categories or subcategories noted above.

- h) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the District's ethics policy.

District does not have any written policies or procedures that address the categories or subcategories noted above.

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

District does not have any written policies or procedures that address the categories or subcategories noted above.

Board or Finance Committee

Note: Procedures excluded from testing in the current period—Per the Louisiana Legislative Auditor’s Statewide Agreed-Upon Procedures, Year 2: “Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 1 may exclude those categories in Year 2.”

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board’s enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board’s enabling legislation, charter, bylaws, or other equivalent documents.
 - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.
 - c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management’s representation that the listing is complete. Ask management to identify the District’s main operating account. Select the District’s main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

Obtained a listing of client bank accounts for the fiscal period from management and management’s representation that the listing is complete. Selected the District’s main operating account and the District’s only other operating account. The District’s savings account that was not part of the District’s daily business operations was excluded. Randomly selected one month from the fiscal period.

 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

Obtained and inspected bank statements and reconciliations for each account and observed that bank reconciliations include evidence that they were prepared within 2 months of the statement closing date.
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

Obtained and inspected bank reconciliations and observed that bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation.
 - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Obtained and inspected bank statements and reconciliations noting no reconciling items that have been outstanding for more than 12 months from the statement closing date.

Collections

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

Obtained a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that listing is complete. Selected District's only deposit site.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site, obtain and inspect written policies and procedures relating to employee job duties at each collection location, and observe that job duties are properly segregated at each collection location such that:

Obtained a listing of collection locations for the District's one (1) deposit site and management's representation that the listing is complete. Randomly selected one collection location for each deposit site. Obtained and inspected written policies and procedures relating to employee job duties at the one (1) collection location selected.

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

No exceptions noted.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. prenumbered receipts) to the deposit.

No exceptions noted.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

No exceptions noted.

- d) The employees responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

No exceptions noted.

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

Management indicated that employees who have access to cash are not covered by a bond or insurance policy for theft.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit date if multiple deposits are made on the same day). Alternately, the practitioner may use a source document other than bank statements

when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the 10 deposits and:

Randomly selected two (2) deposit dates for each of the two (2) bank accounts selected for procedure #3 under "Bank Reconciliations" above. Obtained supporting documentation for each of the four (4) deposits selected.

- a) Observe that receipts are sequentially pre-numbered.

No exceptions noted.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

No exceptions noted.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

No exceptions noted.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

No exceptions noted.

- e) Trace the actual deposit per the bank statement to the general ledger.

No exceptions noted.

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

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Selected the District's only payment processing location.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase and placing an order/making the purchase.

No exceptions noted.

- b) At least two employees are involved in processing and approving payments to vendors.

No exceptions noted.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

No exceptions noted.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

No exceptions noted.

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

For the District's one (1) payment processing location selected, obtained the District's non-payroll disbursement transaction population and management's representation that the population is complete. Randomly selected five (5) disbursements for each location and obtained supporting documentation for each selected transaction.

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

No exceptions noted.

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

No exceptions noted.

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

- 11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Obtained a listing of all active credit cards, bank debit cards, fuel cards, and P-cards, including card number and the names of the persons who maintained possession of the cards and management's representation that the listing is complete.

- 12. 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:

Selected the District's only card that was used during the fiscal period. Randomly selected one monthly statement and obtained supporting documentation.

- a) Observe that 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) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported]

No exceptions noted.

- b) Observe that finance charges and/or late fees were not assessed on the selected statements.

Finance charges and/or late fees were not observed on the selected statement.

13. Using the monthly statements or combined statements selected under #12 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 (i.e. each card should have 10 transactions subject to testing). 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).

Card selected in procedure #12 above was a fuel card. Procedure #13 is not applicable.

Travel and Travel-Related Expense Reimbursement (excluding card transactions)

Note: Procedures excluded from testing in the current period—Per the Louisiana Legislative Auditor’s Statewide Agreed-Upon Procedures, Year 2: “Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 1 may exclude those categories in Year 2.”

14. 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, 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:

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- c) 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 policy (procedure #1h).
- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts

Note: Procedures excluded from testing in the current period—Per the Louisiana Legislative Auditor’s Statewide Agreed-Upon Procedures, Year 2: “Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 1 may exclude those categories in Year 2.”

15. 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. Alternately, the practitioner may use an equivalent selection source, such as an active vendor list. 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:

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
- d) 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.

Payroll and Personnel

Note: Procedures excluded from testing in the current period—Per the Louisiana Legislative Auditor’s Statewide Agreed-Upon Procedures, Year 2: “Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 1 may exclude those categories in Year 2.”

- 16. Obtain a listing of employees/elected officials employed during the fiscal period and management’s representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- 17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the District’s cumulative leave records.
- 18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management’s representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management’s termination payment calculations, agree the hours to the employee/officials’ cumulate leave records, and agree the pay rates to the employee/officials’ authorized pay rates in the employee/officials’ personnel files.
- 19. Obtain management’s representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers’ compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Ethics

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

Randomly selected five (5) employees from procedure #16 under “Payroll and Personnel” above and obtained ethics documentation from management.

 - a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

None of the employees tested completed one hour of ethics training during the fiscal period.

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

The District has not adopted an ethics policy.

Debt Service (excluding nonprofits)

Note: Procedures excluded from testing in the current period—Per the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures, Year 2: "Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 1 may exclude those categories in Year 2."

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.
22. 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.

Other

Note: Procedures excluded from testing in the current period—Per the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures, Year 2: "Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 1 may exclude those categories in Year 2."

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the District reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the District is domiciled.
24. Observe that the District 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.

Management's Response

The District's management concurs with the exceptions and are working to address the deficiencies identified.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those 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.

The purpose of this report is solely to describe the scope of testing performed on those control and compliance areas identified in the SAUPs, as required by the *Louisiana Governmental Audit Guide*, 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 use by the District's management and the LLA. Accordingly, this report is not suitable for any other purpose and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under 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 19, 2019