

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

FINANCIAL REPORT

For the Year Ended December 31, 2019

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Commissioners
Recreation District No. 1 of the Parish of St. Martin
Stephensville, Louisiana

We have reviewed the accompanying financial statements of the governmental activities and each major fund of Recreation District No. 1 of the Parish of St. Martin (District), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

The supplementary information included in the Schedule of Compensation, Benefits and Other Payments to Agency Head is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on such information.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedule on page 22 be presented to supplement the basic financial statements. Such information, although not a required 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. Such information is the responsibility of management. We have not audited, reviewed, or compiled the required supplementary information and we do not express an opinion, a conclusion, nor provide any assurance on it.

Management has omitted the management's discussion and analysis information 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.

Darnall, Sikes & Frederick
(A Corporation of Certified Public Accountants)

Morgan City, Louisiana
September 30, 2020

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

RECREATION DISTRICT NO. 1 OF THE PARISH OF ST. MARTIN

Statement of Net Position
December 31, 2019

ASSETS

Current assets

Cash	\$ 219,626
Taxes receivable	110,903
Due from other governmental units	146,974
Deposits	<u>365</u>

Total current assets 477,868

Capital assets

Nondepreciable capital assets	1,208,313
Depreciable capital assets, net of accumulated depreciation	<u>2,108,499</u>

Total capital assets 3,316,812

TOTAL ASSETS \$ 3,794,680

LIABILITIES AND NET POSITION

Current liabilities

Accounts payable	\$ 174,570
Retainage payable	7,824
Accrued interest	<u>7,758</u>

Total current liabilities 190,152

Long-term liabilities

Due within one year	61,000
Due in more than one year	<u>829,000</u>

Total long-term liabilities 890,000

TOTAL LIABILITIES 1,080,152

Net position

Net investment in capital assets	2,426,812
Restricted for debt service	70,285
Unrestricted	<u>217,431</u>

Total net position 2,714,528

TOTAL LIABILITIES AND NET POSITION \$ 3,794,680

The accompanying notes are an integral part of this statement.

RECREATION DISTRICT NO. 1 OF THE PARISH OF ST. MARTIN

Statement of Activities
For the Year Ended December 31, 2019

<u>Functions/Programs</u>	<u>Governmental Activities</u>
Expenses:	
Culture and recreation	\$ 124,628
Interest and fiscal charges on debt	<u>23,397</u>
Total expenses	148,025
Program revenues:	
Charges for services:	
Facility rental	2,545
Capital grants and contributions:	
State grant revenues	<u>190,975</u>
Total general revenues	<u>193,520</u>
Net program revenues	45,495
General revenues:	
Taxes:	
Property taxes, levied for maintenance and debt service	105,320
Appropriations from St. Martin Parish Government	1,500
State revenue sharing	1,690
Interest and investment earnings	612
Miscellaneous	<u>1,200</u>
Total general revenues	<u>110,322</u>
Change in net position	155,817
Net position - January 1, 2019	<u>2,558,711</u>
Net position - December 31, 2019	<u>\$ 2,714,528</u>

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

RECREATION DISTRICT NO. 1 OF THE PARISH OF ST. MARTIN

Balance Sheet
Governmental Funds
December 31, 2019

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash	\$ 189,156	\$ 21,445	\$ 9,025	\$ 219,626
Taxes receivable	51,507	59,396	-	110,903
Due from other governmental units	-	-	146,974	146,974
Due from other funds	1,636	-	25,524	27,160
Deposits	<u>365</u>	<u>-</u>	<u>-</u>	<u>365</u>
TOTAL ASSETS	<u>\$ 242,664</u>	<u>\$ 80,841</u>	<u>\$ 181,523</u>	<u>\$ 505,028</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE				
Liabilities				
Accounts payable	\$ 871	\$ -	\$ 173,699	\$ 174,570
Retainage payable	-	-	7,824	7,824
Due to other funds	<u>25,524</u>	<u>1,636</u>	<u>-</u>	<u>27,160</u>
Total liabilities	26,395	1,636	181,523	209,554
 Deferred inflows of resources	 10,285	 8,920	 -	 19,205
Fund balance				
Restricted	-	70,285	-	70,285
Unassigned	<u>205,984</u>	<u>-</u>	<u>-</u>	<u>205,984</u>
Total fund balance	<u>205,984</u>	<u>70,285</u>	<u>-</u>	<u>276,269</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	 <u>\$ 242,664</u>	 <u>\$ 80,841</u>	 <u>\$ 181,523</u>	 <u>\$ 505,028</u>

The accompanying notes are an integral part of this statement.

RECREATION DISTRICT NO. 1 OF THE PARISH OF ST. MARTIN

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
December 31, 2019

Fund balance - governmental funds \$ 276,269

Total net position reported for governmental activities in the
statement of net position is different because:

Revenues that are not considered available are not financial resources
and, therefore, are not reported in the governmental fund. 19,205

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

Land	345,650	
Construction in progress	862,663	
Capital assets being depreciated, net of \$605,735 accumulated depreciation	<u>2,108,499</u>	3,316,812

Long-term liabilities, which include bonds payable, are not due
and payable in the current period and, therefore, are not reported
in the governmental funds.

Bonds payable	(890,000)	
Accrued interest payable	<u>(7,758)</u>	<u>(897,758)</u>

Net position of governmental activities \$2,714,528

The accompanying notes are an integral part of this statement.

RECREATION DISTRICT NO. 1 OF THE PARISH OF ST. MARTIN

Statement of Revenues, Expenditures, and Changes in
Fund Balances – Governmental Funds
For the Year Ended December 31, 2019

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Revenues				
Ad valorem taxes	\$ 54,843	\$ 64,702	\$ -	\$ 119,545
State revenue sharing	1,690			1,690
Intergovernmental	1,500	-	-	1,500
State grant revenues	-	-	190,975	190,975
Interest income	275	337	-	612
Other income	<u>3,745</u>	<u>-</u>	<u>-</u>	<u>3,745</u>
Total revenues	62,053	65,039	190,975	318,067
Expenditures				
Current -				
Culture and recreation				
Advertising	197	-	-	197
Insurance	5,832	-	-	5,832
Office supplies	3,531	-	-	3,531
Parish pension deduction	1,969	-	-	1,969
Professional services	8,315	-	-	8,315
Repairs and maintenance	851	-	-	851
Utilities and telephone	7,778	-	-	7,778
Capital outlay	-	-	792,122	792,122
Debt Service -				
Interest and fees	-	23,643	-	23,643
Principal	<u>-</u>	<u>59,000</u>	<u>-</u>	<u>59,000</u>
Total expenditures	<u>28,473</u>	<u>82,643</u>	<u>792,122</u>	<u>903,238</u>
Excess (deficiency) of revenues over expenditures	33,580	(17,604)	(601,147)	(585,171)
Other financing sources (uses)				
Transfers in			349,768	349,768
Transfers out	<u>(349,768)</u>	<u>-</u>	<u>-</u>	<u>(349,768)</u>
Total other financing sources (uses)	<u>(349,768)</u>	<u>-</u>	<u>349,768</u>	<u>-</u>
Net change in fund balance	(316,188)	(17,604)	(251,379)	(585,171)
Fund balance, beginning	<u>522,172</u>	<u>87,889</u>	<u>251,379</u>	<u>861,440</u>
Fund balance, ending	<u>\$ 205,984</u>	<u>\$ 70,285</u>	<u>\$ -</u>	<u>\$ 276,269</u>

The accompanying notes are an integral part of this statement.

RECREATION DISTRICT NO. 1 OF THE PARISH OF ST. MARTIN

Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2019

Net change in fund balance - governmental funds		\$ (585,171)
Amounts reported for governmental activities in the statement of activities are different because:		
Revenues that are considered available provide current financial resources to governmental funds; however, in the statement of activities, revenues that are not considered available are reported. This is the difference between prior year and current year revenues that were not considered available.		(12,256)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has an effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued; whereas these amounts are deferred and amortized in the statement of activities.		
Principal payment	59,000	
Change in accrued interest	<u>246</u>	59,246
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay which is considered expenditures on Statement of Revenues, Expenditures, and Changes in Fund Balances	792,122	
Depreciation expense for the year ended December 31, 2019	<u>(98,124)</u>	<u>693,998</u>
Change in net position of governmental activities		<u>\$ 155,817</u>

The accompanying notes are an integral part of this statement.

RECREATION DISTRICT NO. 1 OF THE PARISH OF ST. MARTIN

Notes to the Financial Statements

INTRODUCTION

Recreation District No. 1 of the Parish of St. Martin (District) was created by the St. Martin Parish Police Jury (predecessor of the St. Martin Parish Council) on July 6, 1999. The District encompasses Ward Six of the Parish. The District is governed by a Board of Commissioners appointed by the St. Martin Parish Council. The purpose of the District is the creation of a rural recreation district within the boundaries of lower St. Martin Parish to acquire, construct, manage, and maintain recreation facilities within the boundaries of the District.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the District conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:513, the *Louisiana Governmental Audit Guide*. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of certain significant accounting policies:

Financial Reporting Entity

GASB Statement No. 14, *The Financial Reporting Entity*, has established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity and other reporting relationships. The basic criterion for including a potential component unit within the reporting entity is financial accountability. GASB has set forth criteria to be considered in determining financial accountability. The criteria include:

1. Appointment of a voting majority of the governing board, and
 - a. The ability of the reporting entity to impose its will on the organization, or
 - b. The potential of the organization to provide specific financial benefits to or impose specific financial burdens on the reporting entity.
2. Organizations which are fiscally dependent.
3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature of significance of the relationship.

For financial reporting purposes in conformance with Governmental Accounting Standards Board Statement No. 14, the District is a component unit of the St. Martin Parish Council, the reporting entity (the Oversight Unit). The accompanying financial statements present information only on the funds maintained by the District and do not present information on the St. Martin Parish Council.

RECREATION DISTRICT NO. 1 OF THE PARISH OF ST. MARTIN

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide and Fund Financial Statements

The District's basic financial statements consist of the government-wide statements on all activities of the District and the governmental fund financial statements (individual major funds).

The government-wide financial statements report information on all of the activities of the government. Both the government-wide and the fund financial statements categorize primary activities as governmental.

The statement of activities demonstrates the degree to which the direct expenses having a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include fees and charges paid by the recipients of services offered by the District and grants and contributions that are restricted to meeting the operational or capital requirement of a particular program. Taxes and items not properly included among program revenues are reported as *general revenues*.

A separate financial statement is provided for the governmental funds.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of the related cash flows. Ad valorem taxes are recognized as revenues in the year in which they are levied. Grants and similar items are recognized as revenues in the year for which they are earned.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or as soon enough thereafter to pay liabilities for the current period. For this purpose, the government considers revenues to be *available* if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Ad valorem taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Ad valorem taxes are recognized as revenues in the year in which such taxes are levied and billed to the taxpayers. Other major revenues that are considered susceptible to accrual include intergovernmental revenues.

RECREATION DISTRICT NO. 1 OF THE PARISH OF ST. MARTIN

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The District has the following fund types:

Governmental Fund –

The focus of the governmental fund's measurement (in the fund statement) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the District:

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 another fund. The General Fund is always a major 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.

Capital Projects Fund –

The Capital Projects Fund is used to account for the financial resources used for the construction of park improvements with the District.

Capital Assets

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

Government-wide Financial Statements:

In the government-wide financial statements, capital assets are accounted for as noncurrent assets. All capital assets purchased or acquired with an original cost of \$500 or greater are reported at historical cost or estimated historical cost for assets for which historical cost is not available. Donated assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized while other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Building and improvements	20-30 years
Equipment	5 years

RECREATION DISTRICT NO. 1 OF THE PARISH OF ST. MARTIN

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements:

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

Equity Classifications

Government-wide Financial Statements:

Net position represents the difference between assets and liabilities. Net position is reported in three categories, as follows:

- a. Net investment in capital assets – consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – consists of net position items with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – consists of the net amount of assets and liabilities that do not meet the definition of the above two components and is available for general use by the District.

When an expenditure is incurred for purposes for which both restricted and unrestricted net position is available, the District applies restricted net position first.

Fund Financial Statements:

Governmental fund equity is classified as fund balance. Fund balances are classified as follows:

Non-spendable – Includes amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted – Includes amounts that can be used only under constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or under constraints that are imposed by law through constitutional provisions or enabling legislation.

RECREATION DISTRICT NO. 1 OF THE PARISH OF ST. MARTIN

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Committed – Includes amounts that can only be used for specific purposes as a result of constraints imposed by formal action of the District’s Board of Commissioners. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the District’s Board of Commissioners.

Assigned – Includes amounts that are constrained by the government’s intent to be used for specific purposes but are neither restricted nor committed.

Unassigned – Includes all other spendable amounts.

For the classification of governmental fund balances, the District considers an expenditure to be made from the most restrictive classification first when there is more than one classification available.

Interfund Receivables and Payables

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

Deferred Inflows of Resources

Ad valorem taxes levied at December 31, 2019 totaling \$19,205 are not considered to be available to finance operations of the current period and are reported as deferred inflows of resources. These revenues are recognized as operating revenues when they become available.

Use of Estimates

The District uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenditures or expenses, as appropriate.

Subsequent Events

The District has evaluated subsequent events through September 30, 2020, the date the financial statements were available to be issued.

RECREATION DISTRICT NO. 1 OF THE PARISH OF ST. MARTIN

Notes to the Financial Statements

NOTE 2 CASH

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 the United States bonds, notes or bills as well as certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

The carrying value of the District's cash and interest-bearing deposits with financial institutions at December 31, 2019 totaled \$219,626 and the bank balance was \$229,328. Federal deposit insurance covered \$250,000 of the deposits while the remaining deposits were covered by collateral held by the pledging bank's agent in the District's name in the amount of \$747,955. Cash and interest-bearing deposits are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The fair market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

Louisiana R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 3 AD VALOREM TAXES

Ad valorem taxes are levied in October and are actually billed to taxpayers in November or December. These taxes attach as an enforceable lien on property as of January 1st of each year. Billed taxes become delinquent on January 1st of the following year. The St. Martin Parish Tax Collector bills and collects property taxes for the District using the assessed values determined by the St. Martin Parish Assessor. The District receives most of the ad valorem taxes in January and February.

For the year ended December 31, 2019, taxes of 5.45 mills were levied on property with assessed valuations totaling \$23,743,466 and were dedicated as follows:

Operations and maintenance	2.45 mills
Debt Service	3.00 mills

Total taxes levied during 2019 were \$123,953. Taxes receivable at December 31, 2019 consisted of \$110,903 for the 2019 assessment.

NOTE 4 DUE FROM OTHER GOVERNMENTAL UNITS

The amount due from other governmental units at December 31, 2019, consisted of \$146,974 due from the State of Louisiana.

RECREATION DISTRICT NO. 1 OF THE PARISH OF ST. MARTIN

Notes to the Financial Statements

NOTE 5 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Land	\$ 345,650	\$ -	\$ -	\$ 345,650
Construction in progress	<u>70,541</u>	<u>792,122</u>	-	<u>862,663</u>
Total capital assets not being depreciated	416,191	792,122	-	1,208,313
Capital assets being depreciated:				
Buildings and improvements	2,713,525	-	-	2,713,525
Equipment	<u>709</u>	-	-	<u>709</u>
Total capital assets being depreciated	2,714,234	-	-	2,714,234
Less accumulated depreciation for:				
Buildings and improvements	(507,363)	(97,982)	-	(605,345)
Equipment	<u>(248)</u>	<u>(142)</u>	-	<u>(390)</u>
Total accumulated depreciation	<u>(507,611)</u>	<u>(98,124)</u>	-	<u>(605,735)</u>
Total capital assets being depreciated, net	<u>2,206,623</u>	<u>(98,124)</u>	-	<u>2,108,499</u>
Total capital assets, net	<u>\$2,622,814</u>	<u>\$ 693,998</u>	<u>\$ -</u>	<u>\$3,316,812</u>

Depreciation charged to expense was \$98,124 for the year ended December 31, 2019.

NOTE 6 BONDS PAYABLE

The following is a summary of bonds payable of the District as of December 31, 2019:

\$1,000,000 General Obligation Bonds, Series 2016, balance due in annual principal installments, starting March 1, 2017 of \$24,000 - \$89,000, plus semi-annual interest payments, through March 1, 2031, with interest at 1.0% - 3.75%.

\$ 890,000

RECREATION DISTRICT NO. 1 OF THE PARISH OF ST. MARTIN

Notes to the Financial Statements

NOTE 6 BONDS PAYABLE (CONTINUED)

The following is a summary of debt transactions of the District for the year ended December 31, 2019:

<u>General Obligation Bonds</u>	
Payable at January 1, 2019	\$ 949,000
Issued	-
Retired	<u>(59,000)</u>
Payable at December 31, 2019	<u>\$ 890,000</u>
Due within one year	<u>\$ 61,000</u>

General obligations bonds are secured by an annual ad valorem tax levy. In accordance with Louisiana Revised Statute 36:562, the District is legally restricted from incurring long-term bonded debt in excess of 10% of the assessed value of taxable property in the District. At December 31, 2019, the District had not exceeded this statutory limit.

The following is a schedule of future principal debt service requirements:

Year Ending December 31,	General Obligation Bonds		
	Principal	Interest	Total
2020	\$ 61,000	\$ 22,847	\$ 83,847
2021	63,000	21,916	84,916
2022	65,000	20,827	85,827
2023	68,000	19,562	87,562
2024	70,000	18,094	88,094
2025-2029	388,000	53,829	441,829
2030-2031	175,000	14,207	189,207
Total	<u>\$ 890,000</u>	<u>\$ 171,282</u>	<u>\$ 1,061,282</u>

NOTE 7 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 coverages, retentions, or limits during the year ended December 31, 2019. Settled claims have not exceeded the commercial coverage in any of the previous three fiscal years.

RECREATION DISTRICT NO. 1 OF THE PARISH OF ST. MARTIN

Notes to the Financial Statements

NOTE 8 INTERGOVERNMENTAL REVENUES

Intergovernmental revenues for the year ended December 31, 2019 consisted of the following:

Parish Government	
St. Martin Parish Government	\$ 1,500
State of Louisiana	
State revenue sharing	1,690
Land and Water Conservation Fund	<u>190,975</u>
Total intergovernmental revenues	<u>\$ 194,165</u>

NOTE 9 COVID-19 PANDEMIC

In December 2019, a novel strain of coronavirus (COVID-19) was reported to have surfaced in China. The World Health Organization has characterized COVID-19 as a pandemic. The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our customers, taxpayers, employees and vendors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operations is uncertain.

REQUIRED SUPPLEMENTARY INFORMATION

RECREATION DISTRICT NO. 1 OF THE PARISH OF ST. MARTIN

Budgetary Comparison Schedule – General Fund
For the Year Ended December 31, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Ad valorem taxes	\$ 55,000	\$ 57,362	\$ 54,843	\$ (2,519)
State revenue sharing	1,300	1,272	1,690	418
Intergovernmental	1,500	1,500	1,500	-
Interest income	150	265	275	10
Other income	<u>2,300</u>	<u>3,745</u>	<u>3,745</u>	<u>-</u>
Total revenues	60,250	64,144	62,053	(2,091)
Expenditures				
Current -				
Culture and recreation				
Advertising	1,000	357	197	160
Insurance	-	5,832	5,832	-
Landscaping	200	-	-	-
Office supplies	4,000	1,671	3,531	(1,860)
Parish pension deduction	-	-	1,969	(1,969)
Professional services	10,000	17,215	8,315	8,900
Repairs and maintenance	2,000	671	851	(180)
Utilities and telephone	6,600	7,741	7,778	(37)
Capital outlay	<u>2,000</u>	<u>130</u>	<u>-</u>	<u>130</u>
Total expenditures	<u>25,800</u>	<u>33,617</u>	<u>28,473</u>	<u>5,144</u>
Excess of revenues over expenditures	<u>34,450</u>	<u>30,527</u>	<u>33,580</u>	<u>3,053</u>
Other financing sources				
Transfers out	<u>(300,000)</u>	<u>(350,000)</u>	<u>(349,768)</u>	<u>232</u>
Net change in fund balance	<u>(265,550)</u>	<u>(319,473)</u>	<u>(316,188)</u>	<u>3,285</u>
Fund balance, beginning	<u>532,504</u>	<u>522,172</u>	<u>522,172</u>	<u>-</u>
Fund balance, ending	<u>\$ 266,954</u>	<u>\$ 202,699</u>	<u>\$ 205,984</u>	<u>\$ 3,285</u>

See notes to the required supplementary information.

RECREATION DISTRICT NO. 1 OF THE PARISH OF ST. MARTIN

Notes to the Required Supplementary Information

NOTE 1 BUDGETARY BASIS OF ACCOUNTING

Budgetary Information

The District prepares and adopts a budget in accordance with Louisiana Revised Statute 39:1301 et seq. The annual budget for the general fund is prepared in accordance with the basis of accounting utilized by that fund.

Neither encumbrance accounting nor normal 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.

See independent auditor's report.

OTHER SUPPLEMENTARY INFORMATION

RECREATION DISTRICT NO. 1 OF THE PARISH OF ST. MARTIN

Schedule of Compensation, Benefits and Other Payments to Agency Head
For the Year Ended December 31, 2019

Agency Head Name: Charlotte Ratcliff

<u>Purpose</u>	<u>Amount</u>
Reimbursements - Office supplies and postage	\$ 2,698
Reimbursements - Telephone	<u>2,068</u>
Total	<u>\$ 4,766</u>

See independent auditor's report.

REQUIREMENTS OF THE
LOUISIANA GOVERNMENTAL AUDIT GUIDE



INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners
Recreation District No. 1 of the Parish of St. Martin
Stephensville, Louisiana

We have performed the procedures enumerated below, which were agreed to by the Recreation District No. 1 of the Parish of St. Martin (District) and the Louisiana Legislative Auditor (the specified parties), on the District's compliance with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire during the year ended December 31, 2019, as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*. The District's management is responsible for its financial records and compliance with applicable laws and regulations. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Public Bid Law

1. Obtain documentation for all expenditures made during the year for materials and supplies exceeding \$30,000, and public works exceeding \$157,700. Compare the documentation for these expenditures to Louisiana Revised Statute (R.S.) 39:1551-39:1775 (the state procurement code) or R.S. 38:2211-2296 (the public bid law), whichever is applicable; and report whether the expenditures were made in accordance with these laws.

One public works contract was noted during the year that exceeded \$157,700. We examined documentation which indicated that this expenditure had been properly bid in accordance with R.S. 38:2211-2296.

Code of Ethics for Public Officials and Public Employees

2. Obtain a list of the immediate family members of each board member as defined by R.S. 42:1101-1124 (the ethics law).

Management provided listings for two of the five board members.

3. Obtain a list of all employees paid during the fiscal year.

The District has no employees; therefore, no listing was obtained.

4. Report whether any employees' names appear on both lists obtained in Procedures 2 and 3.

The District has no employees; therefore, this step is not applicable.

5. Obtain a list of all disbursements made during the year; and a list of outside business interests of board members, employees, and board members' and employees' immediate families. Report whether any vendors appear on both lists.

Management provided the requested information for two of the five board members. None of the businesses of board members and board members' immediate families appeared as vendors on the list of disbursements. The District has no employees.

Budgeting

6. Obtain a copy of the legally adopted budget and all amendments.

Management provided us with a copy of the original and amended budget.

7. Trace documentation for the adoption of the budget and approval of any amendments to the minute book, and report whether there are any exceptions.

We traced adoption of the original budget to documentation in the minutes of the meeting of the District's commissioners held on October 25, 2018. We traced adoption of the amended budget to documentation in the minutes of the meeting of the District's commissioners held on October 24, 2019.

8. Compare the revenues and expenditures of the final budget to actual revenues and expenditures. Report whether actual revenues failed to meet budgeted revenues by 5% or more, and whether actual expenditures exceeded budgeted amounts by 5% or more.

We compared the revenues and expenditures of the final budget to actual revenues and expenditures. Actual revenues did not exceed budgeted revenues; however, by less than 5%. Expenditures for the year did not exceed budgeted amounts.

Accounting and Reporting

9. Obtain the list of all disbursements made during the fiscal year. Randomly select six disbursements, and obtain documentation from management for these disbursements. Compare the selected disbursements to the supporting documentation, and:

- a. Report whether the six disbursements agree to the amount and payee in the supporting documentation.

Each of the six selected disbursements agreed with the amount and payee in the supporting documentation.

- b. Report whether the six disbursements were coded to the correct fund and general ledger account.

Each of the six selected disbursements were properly coded to the correct fund and general ledger account.

- c. Report whether the six disbursements were approved in accordance with management's policies and procedures.

Inspection of documentation supporting each of the six selected disbursements indicated approval by appropriate District personnel.

Meetings

10. Obtain evidence from management to support that agendas for meetings recorded in the minute book were posted or advertised as required by R.S. 42:11 through 42:28 (the open meetings law); and report whether there are any exceptions.

Management represented that the District is only required to post a notice of each meeting and the accompanying agenda on the door of the District's office building. Although management has asserted that such documents were properly posted, no evidence was provided to support management's assertion other than copies of the notices and agendas.

Debt

11. Obtain bank deposit slips for the fiscal year, and scan the deposit slips in order to identify and report whether there are any deposits that appear to be proceeds of bank loans, bonds, or like indebtedness. If any such proceeds are identified, obtain from management evidence of approval by the State Bond Commission, and report any exceptions.

We scanned copies of all bank deposit slips for the fiscal year, and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

Advances and Bonuses

12. Obtain the list of payroll disbursements and meeting minutes of the governing board, if applicable. Scan these documents to identify and report whether there are any payments or approval of payments to employees that may constitute bonuses, advance, or gifts.

The District has no employees; therefore, this step is not applicable.

State Audit Law

13. Report whether the agency provided for a timely report in accordance with R.S. 24:513.

The District's report was due on September 30, 2020, and it was submitted timely.

14. Inquire of management and report whether the agency entered into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law).

The District was in compliance with the audit law for the fiscal year ended December 31, 2019.

Prior Comments

15. Obtain and report management's representation as to whether any prior-year suggestions, exceptions, recommendations, and/or comments have been resolved.

See the Summary Schedule of Prior Year Findings for the status of prior comments and recommendations.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the United States Comptroller General. 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 the District's compliance with the foregoing matters. 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 the District's compliance with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire, as required by Louisiana Revised Statute 24:513 and the Louisiana Governmental Audit Guide, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Darnall, Sikes & Frederick

(A Corporation of Certified Public Accountants)

Morgan City, Louisiana
September 30, 2020

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Governmental Agencies)

June 30, 2020

Darnall, Sikes, Gardes & Frederick, LLC
1201 Brashear Ave., Suite 301
Morgan City, LA 70380

In connection with your engagement to apply agreed-upon procedures to the control and compliance matters identified below, as of December 31, 2019 and for the year then ended, and as required by Louisiana Revised Statute (R.S.) 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you.

Public Bid Law

It is true that we have complied with the public bid law, R.S. Title 38:2211-2296, and, where applicable, the regulations of the Division of Administration and the State Purchasing Office.

Yes No

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of R.S. 42:1101-1124.

Yes No

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of R.S. 42:1119.

Yes No

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (R.S. 39:1301-15), R.S. 39:33, or the budget requirements of R.S. 39:1331-1342, as applicable.

Yes No

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by R.S. 44:1, 44:7, 44:31, and 44:36.

Yes No

We have filed our annual financial statements in accordance with R.S. 24:514, and 33:463 where applicable.

Yes No

We have had our financial statements reviewed in accordance with R.S. 24:513.

Yes No

We did not enter into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law).

Yes No

We have complied with R.S. 24:513 A. (3) regarding disclosure of compensation, reimbursements, benefits and other payments to the agency head, political subdivision head, or chief executive officer.

Yes No

Meetings

We have complied with the provisions of the Open Meetings Law, provided in R.S. 42:11 through 42:28.
Yes No

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and R.S. 39:1410.60-1410.65.
Yes No

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, R.S. 14:138, and AG opinion 79-729.
Yes No

Prior-Year Comments

We have resolved all prior-year recommendations and/or comments.
Yes No

General

We are responsible for our compliance with the foregoing laws and regulations and the internal controls over compliance with such laws and regulations.
Yes No

We have evaluated our compliance with these laws and regulations prior to making these representations.
Yes No

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations.
Yes No

We have made available to you all records that we believe are relevant to the foregoing agreed-upon procedures.
Yes No

We have provided you with any communications from regulatory agencies, internal auditors, other independent practitioners or consultants or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of your report.
Yes No

We will disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance that may occur up to the date of your report.
Yes No

The previous responses have been made to the best of our belief and knowledge.

Ala. J. J. Jr. Secretary 6/25/2020 Date

Charlette Ratchiff President 6-25-20 Date

RECREATION DISTRICT NO. 1 OF THE PARISH OF ST. MARTIN

Summary Schedule of Prior Year Findings
For the Year Ended December 31, 2019

2018-001 Finding: Inadequate segregation of accounting functions

Status: This finding is unresolved. See current year finding 2019-001.

RECREATION DISTRICT NO. 1 OF THE PARISH OF ST. MARTIN

Schedule of Findings and Responses
For the Year Ended December 31, 2019

The following findings are related to the review of the District's December 31, 2019 financial statements.

2019-001 Inadequate segregation of accounting functions

Criteria: A strong internal control system requires the segregation of responsibilities between different individuals responsible for separate major areas of the accounting system.

Condition: Due to the small number of accounting personnel, the District did not have adequate segregation of functions within its accounting system.

Cause: The failure to design and implement policies and procedures necessary to achieve adequate internal control led to this condition.

Effect: The likelihood that a material misstatement will not be prevented or detected and corrected on a timely basis is increased. The perpetration of fraudulent activity is easier to achieve under this condition.

Recommendation: An analysis of the benefits that would be obtained by adequately segregating functions within the accounting system and the costs to employ additional individuals to achieve adequate segregation should be performed.

Views of Responsible Officials and Planned Corrective Actions: This information is in the District's separate Management's Corrective Action Plan for Current Year Findings.

RECREATION DISTRICT NO. 1 OF THE PARISH OF ST. MARTIN

Management's Corrective Action Plan for Current Year Findings
For the Year Ended December 31, 2019

2019-001 Inadequate segregation of accounting functions

Management's Response and Planned Corrective Action: The District is aware of the condition and has determined that based upon the size of the District and the negative cost-benefit consideration of employing additional personnel, it is not feasible to take the steps necessary to achieve complete segregation of duties.

Name and Title of Contact Person: Alan Taylor, CPA, Secretary