

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

Annual Component Unit Financial Statements
with Independent Auditors' Report

and

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

For the Year Ended September 30, 2025

CONTENTS

	<u>PAGE</u>
<u>FINANCIAL INFORMATION SECTION</u>	
Independent Auditors' Report	1-3
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	4
Statement of Activities	5
Fund Financial Statements	
Balance Sheet-Governmental Funds	6-7
Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds	8-9
Notes to the Financial Statements	10-19
<u>REQUIRED SUPPLEMENTAL INFORMATION</u>	
Budget Comparison Schedule	21
<u>SUPPLEMENTAL INFORMATION</u>	
Schedule of Compensation, Benefits and Reimbursements To Agency Head	22
<u>INTERNAL CONTROL AND COMPLIANCE AND OTHER MATTERS SECTION</u>	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with <u>Government Auditing Standards</u>	25-26
Schedule of Findings	27-28
Summary of Prior Year Findings and Corrective Action Prepared by Recreation District No. 2 of St. Mary Parish, State of Louisiana	29
Corrective Action Plan Prepared by the Management of Recreation District No. 2 of the Parish of St. Mary, State of Louisiana	30

FINANCIAL INFORMATION SECTION



INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities and each major fund of the Recreation District No. 2 of the Parish of St. Mary, State of Louisiana (District), a component unit of St. Mary Parish, as of and for the year ended September 30, 2025, and the related notes to these financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position and changes in financial position of the District, as of September 30, 2025, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of The Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Management 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.

We have applied certain limited procedures to the required supplementary information related to budgetary comparison information as listed in the table of contents 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 information because the limited procedures do not provide us with sufficient appropriate evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Requirements by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 4, 2026 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 our audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS

Morgan City, Louisiana
March 4, 2026

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

**Statement of Net Position
September 30, 2025**

	<u>Governmental Activities</u>
ASSETS	
Current assets	
Cash and cash equivalents	\$ 519,932
Due from other governments	15,007
Prepaid insurance	56,686
Deposit	305
Total current assets	<u>591,930</u>
Capital assets-net of accumulated depreciation	<u>3,610,468</u>
Total assets	<u><u>\$ 4,202,398</u></u>
LIABILITIES AND NET POSITION	
Liabilities	
Current liabilities	
Accounts payable and accrued expenses	\$ 30,866
Current portion of long-term debt	195,000
Total current liabilities	<u>225,866</u>
Noncurrent liabilities	
Noncurrent portion of long-term debt	<u>1,263,000</u>
Total noncurrent liabilities	<u>1,263,000</u>
Total liabilities	<u>1,488,866</u>
Net position	
Investment in capital assets, net of related debt	2,152,468
Restricted for:	
Debt service	278,781
Capital projects	703,577
Unrestricted	(421,294)
Total net position	<u>2,713,532</u>
Total liabilities and net position	<u><u>\$ 4,202,398</u></u>

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

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

**Statement of Activities
For the Year Ended September 30, 2025**

<u>Expenses</u>	<u>Total</u>
Current operating:	
Culture and recreation	
Salaries and wages	\$ 113,500
Benefits	29,204
Commissioners per diem	4,245
Casual Labor	44,098
Insurance	153,845
Utilities & telephone	76,466
Accounting & professional fees	27,779
Supplies & office	16,989
Repairs & maintenance	84,615
Truck, bus, & tractor expenses	5,585
Public relations	2,396
Pension - ad valorem taxes	23,108
Miscellaneous	4,835
Depreciation expense	289,127
Interest and fiscal charges on debt	34,022
	909,814
Total program expenses	909,814
 <u>Program revenues</u>	
Rental income	\$ 16,700
	16,700
Total program revenues	16,700
	893,114
Net program expenses	893,114
 <u>General revenues</u>	
Taxes:	
Ad valorem	\$ 691,335
Sales tax allocation	60,277
Other Revenue	50,000
Interest income	4,267
	805,879
Total general revenues	805,879
 Increase (decrease) in net position	(87,235)
Net position - beginning of year	2,800,767
Net position - end of year	\$ 2,713,532

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

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

**Balance Sheet
Governmental Funds
September 30, 2025**

	<u>Governmental Fund Types</u>			<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	
ASSETS				
Cash and cash equivalents	\$ 72,924	\$ 278,431	\$ 168,577	\$ 519,932
Due from other governments	15,007			15,007
Due from other funds		350	535,000	535,350
Prepaid insurance	56,686			56,686
Deposits	305			305
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	\$ <u>144,922</u>	\$ <u>278,781</u>	\$ <u>703,577</u>	\$ <u>1,127,280</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued expenses	\$ 30,866	\$ -	\$ -	\$ 30,866
Due to other funds	535,350			535,350
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<u>566,216</u>	<u>-</u>	<u>-</u>	<u>566,216</u>
Fund balances:				
Nonspendable	56,991			56,991
Restricted		278,781	703,577	982,358
Unassigned	(478,285)			(478,285)
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances (deficit)	<u>(421,294)</u>	<u>278,781</u>	<u>703,577</u>	<u>561,064</u>
Total liabilities and fund balances	\$ <u>144,922</u>	\$ <u>278,781</u>	\$ <u>703,577</u>	\$ <u>1,127,280</u>

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

Total fund balance - Governmental Funds	\$	561,064
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Amounts reported for governmental activities in the Statement of Net Position
are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.		3,610,468
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Noncurrent liabilities are not due and payable in the current period and,
therefore, they are not reported in the governmental funds balance
sheet.

Current portion of long-term debt	\$195,000	
Noncurrent portion of long-term debt	<u>1,263,000</u>	<u>(1,458,000)</u>

Net position of governmental activities	\$	<u><u>2,713,532</u></u>
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The accompanying notes are an integral part of these financial statements.

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

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

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
<u>Revenues</u>				
Rental and activity income	\$ 16,700	\$ -	\$ -	\$ 16,700
Ad valorem taxes	346,274	345,061		691,335
Sales tax allocation	60,277			60,277
Interest and investment income	876	922	2,469	4,267
Other revenue	50,000	-	-	50,000
	<u>474,127</u>	<u>345,983</u>	<u>2,469</u>	<u>822,579</u>
 <u>Expenditures</u>				
Current:				
Culture and recreation				
Salaries and wages	\$ 113,500	\$ -	\$ -	\$ 113,500
Benefits	29,204			29,204
Commissioners per diem	4,245			4,245
Casual Labor	44,098			44,098
Insurance	153,845			153,845
Utilities & telephone	76,466			76,466
Accounting & professional fees	27,779			27,779
Supplies & office	16,989			16,989
Repairs & maintenance	71,591		13,024	84,615
Truck, bus, & tractor expenses	5,585			5,585
Public relations	2,396			2,396
Pension - ad valorem taxes	11,554	11,554		23,108
Miscellaneous	28	16	4,791	4,835
Capital Outlay	3,475		76,703	80,178
Debt service:				
Principal		191,000		191,000
Interest and fiscal charges		34,022		34,022
	<u>560,755</u>	<u>236,592</u>	<u>94,518</u>	<u>891,865</u>
 Excess (deficiency) of revenues and other financing sources over (under) expenditures				
	(86,628)	109,391	(92,049)	(69,286)
 Fund balances, beginning of year				
	<u>(334,666)</u>	<u>169,390</u>	<u>795,626</u>	<u>630,350</u>
 Fund balances, end of year				
	<u>\$ (421,294)</u>	<u>\$ 278,781</u>	<u>\$ 703,577</u>	<u>\$ 561,064</u>

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

Net change in fund balance prior to residual equity transfer - Governmental Funds \$ (69,286)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation (\$289,127) was exceeded by capital outlays which meet the District's capitalization policy (\$80,178) in the current period. (208,949)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduced long-term liabilities in the statement of net position. This is the amount by which repayments (\$191,000) exceeded proceeds (\$0). 191,000

Change in net position of governmental activities \$ (87,235)

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

**NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

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

These financial statements include only the operations of the District.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basic Financial Statements - Government-wide Financial Statements

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

C. Basic Financial Statements - Fund Financial Statements

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

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

Governmental Funds

General Fund

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

Debt Service Fund

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

Capital Project Fund

The Capital Project Fund is used to account for debt proceeds that are dedicated to expenditure for improvements or maintenance of facilities and equipment used for recreation purposes.

D. Basis of Accounting

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-wide Statements

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

Fund Financial Statements

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

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

E. Revenues

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

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

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

Interest earnings are generally recorded when earned.

Substantially all other revenues are recorded when received.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Deferred Outflows and Inflows of Resources

The District has evaluated its transactions with the requirements of GASB pronouncements, related to deferred items, and determined that there are no significant transactions that meet the requirements of these statements. Therefore as of September 30, 2025, the District is not presenting any Deferred Outflows or Inflows of Resources in its financial statements.

G. Expenses/Expenditures

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

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

H. Cash and Cash Equivalents

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

I. Prepaid Expenses

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

J. Fixed Assets

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

Government-wide Statements

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Fund Financial Statements

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

K. Long-term Debt

Government-wide Financial Statements

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

Fund Financial Statements

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

L. Equity Classifications

Government-wide Statements

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Financial Statements

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

M. Accounting Estimates

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

N. Budget Process

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

NOTE 2 - CASH AND CASH EQUIVALENTS

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

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

NOTE 2 - CASH AND CASH EQUIVALENTS (continued)

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

Cash and cash equivalents

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

At year end, the carrying amount of the District's cash was \$519,932 and the bank balance was \$522,491. A portion of these balances was covered by federal depository insurance. The uninsured portion of \$28,431 is subject to custodial credit risks and was collateralized with securities held by the pledging financial institutions.

NOTE 3 - TAXES

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

The District receives 26.72 mils of property tax. For the year ended September 30, 2025, 13.36 mils were distributed to the General Fund and dedicated to operations and maintenance and 13.36 mils were distributed to the Debt Service fund and dedicated to debt retirement. For the year ended September 30, 2025 each mil levied resulted in approximately \$25,000 in ad valorem taxes received by the District.

NOTE 4 - DUE FROM OTHER GOVERNMENTS

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

	Revenues	
	<u>Recorded</u>	<u>Receivable</u>
St. Mary Parish-Sales Tax Receivable-held by the Parish	\$60,277	\$15,007

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

NOTE 5 - FIXED ASSETS

Capital assets activity for the year ended September 30, 2025 is as follows:

	Balance September 30, <u>2024</u>	<u>Additions</u>	<u>(Deletions)</u>	Balance September 30, <u>2025</u>
Capital assets not being depreciated				
Land	\$ 13,981	\$ -	\$ -	\$ 13,981
Total capital assets not being depreciated	<u>13,981</u>	<u>-</u>	<u>-</u>	<u>13,981</u>
Capital assets				
Building and improvements	\$ 7,002,053	\$ 12,425	\$ -	\$ 7,014,478
Land Improvements	21,482	-	-	21,482
Kitchen Equipment	48,243	5,019	(1,600)	51,662
Maintenance Equipment	231,360	62,734	(13,979)	280,115
Office F&F	140,672	-	-	140,672
Recreation Equipment	544,142	-	(865)	543,277
Transportation Equipment	167,517	-	(39,846)	127,671
Total other capital assets at historical cost	<u>8,155,469</u>	<u>80,178</u>	<u>(56,290)</u>	<u>8,179,357</u>
Less accumulated depreciation for:				
Building and improvements	\$ (3,369,126)	\$ (251,710)	\$ -	\$ (3,620,836)
Land Improvements	(16,487)	(1,074)	-	(17,561)
Kitchen Equipment	(45,481)	(873)	1,600	(44,754)
Maintenance Equipment	(196,573)	(11,139)	13,979	(193,733)
Office P&F	(132,618)	(1,966)	-	(134,584)
Recreation Equipment	(429,619)	(21,262)	865	(450,016)
Transportation Equipment	(160,129)	(1,103)	39,846	(121,386)
Total accumulated depreciation	<u>(4,350,033)</u>	<u>(289,127)</u>	<u>56,290</u>	<u>(4,582,870)</u>
Other capital assets, net	<u>3,805,436</u>	<u>(208,949)</u>	<u>-</u>	<u>3,596,487</u>
Total capital assets, net	<u>\$ 3,819,417</u>	<u>\$ (208,949)</u>	<u>\$ -</u>	<u>\$ 3,610,468</u>

Depreciation expense for the year totaled approximately \$289,000.

NOTE 6- LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended September 30, 2025:

Balance at October 1, 2024	\$1,649,000
Reductions	(191,000)
Balance at September 30, 2025	<u>\$1,458,000</u>

Obligations payable at September 30, 2025, are as follows:

General Obligation Bonds

\$2,000,000 of General Obligation Bonds, Series 2022 issued March 1, 2022. The bonds bear interest at a rate of 2.19% and are payable through the year 2032. The bonds are being retired from ad valorem taxes by the Debt Service Fund.

\$1,458,000

The following is an approximation of future debt requirements at September 30, 2025:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 195,000	\$ 29,795	\$ 224,795
2027	199,000	25,481	224,481
2028	204,000	21,068	225,068
2029	208,000	16,556	224,556
2030	213,000	11,946	224,946
2031-2032	<u>439,000</u>	<u>9,669</u>	<u>448,669</u>
	<u>\$1,458,000</u>	<u>\$114,515</u>	<u>\$1,572,515</u>

NOTE 7 - PENSION PLAN

The District's employees are covered under the Federal Insurance Contributions Act (Social Security). The District makes the required contributions to the fund and is not responsible for the benefits. During the year ended September 30, 2025 the District contributed \$7,037 and the District's employees contributed \$7,037.

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

NOTE 8 – ON-BEHALF PAYMENTS

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

The pro-rata share of the required contribution (\$23,317) that was withheld by the Sheriff from property tax collections to satisfy the District’s obligation has been presented as “pension – ad valorem” in the expenditure of the General and Debt Service funds in these financial statements. The District has also increased its property tax revenues by the same amount of the expenditure.

NOTE 9 - COMPENSATION OF BOARD MEMBERS AND OFFICERS

Board members received the following per diems for the year ended September 30, 2025:

<u>Name</u>	<u>Amount</u>
Nelda Dural	\$655
David McGuire	195
Ann Poole	980
Norma Skinner	980
Oscar Toups	720
Tracy Wilson	<u>715</u>
	<u>\$4,245</u>

NOTE 10 - CONCENTRATIONS

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

NOTE 11 - RISK MANAGEMENT AND CONTINGENCIES

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

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

REQUIRED SUPPLEMENTAL INFORMATION

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

**Budget Comparison Schedule
General Fund
For the Year Ended September 30, 2025**

	Original & Final <u>Budget</u>	Actual <u>Amounts</u>	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Rental and activity income	\$ 16,700	\$ 16,700	\$ -
Ad valorem taxes	332,720	346,274	13,554
Sales tax allocation	60,277	60,277	-
Interest and other income	-	876	876
Other revenue	<u>25,000</u>	<u>50,000</u>	<u>25,000</u>
 Total revenues	 <u>434,697</u>	 <u>474,127</u>	 <u>39,430</u>
<u>Expenditures</u>			
Current:			
Culture and recreation			
Salaries and Wages	\$ 137,000	\$ 113,500	\$ 23,500
Benefits	29,700	29,204	496
Commissioners per diem	4,200	4,245	(45)
Casual Labor	15,500	44,098	(28,598)
Insurance	154,000	153,845	155
Utilities & telephone	76,800	76,466	334
Accounting & professional fees	28,000	27,779	221
Supplies & office	16,994	16,989	5
Repairs & maintenance	103,005	71,591	31,414
Truck, bus, & tractor expenses	6,060	5,585	475
Summer program cost	1,000	-	1,000
Public relations	2,500	2,396	104
Pension - ad valorem taxes	-	11,554	(11,554)
Miscellaneous	1,050	28	1,022
Capital Outlay	<u>-</u>	<u>3,475</u>	<u>(3,475)</u>
 Total expenditures	 <u>575,809</u>	 <u>560,755</u>	 <u>15,054</u>
 Excess (deficiency) of revenues over expenditures	 <u>(141,112)</u>	 <u>(86,628)</u>	 <u>54,484</u>
 Fund balances, beginning of year	 <u>82,990</u>	 <u>(334,666)</u>	 <u>(417,656)</u>
 Fund balances, end of year	 <u>\$ (58,122)</u>	 <u>\$ (421,294)</u>	 <u>\$ (363,172)</u>

SUPPLEMENTAL INFORMATION

RECREATION DISTRICT NO. 2 OF THE PARISH OF ST. MARY
Schedule of Compensation, Benefits and Other Payments to Agency Head
For the Year Ended September 30, 2025

Agency Head Name: Leroy Trim, Executive Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 59,000
Benefits-Insurance	20,500
Benefits - FICA & Medicare	<u>4,514</u>
Total	<u>\$ 84,014</u>

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

INTERNAL CONTROL AND COMPLIANCE
AND OTHER MATTERS SECTION



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, and each major fund of the Recreation District No. 2 of the Parish of St. Mary, State of Louisiana (District), which comprise the District's basic financial statements as of and for the year ended September 30, 2025, and the related notes to the financial statements, and have issued our report thereon dated March 4, 2026.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

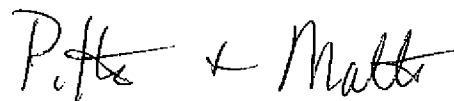
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which is detailed in the accompanying schedule of findings as 2025-001.

The District's Response to Finding

The District's response to the finding identified in our audit is described in the accompanying schedule of findings. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



CERTIFIED PUBLIC ACCOUNTANTS

March 4, 2026
Morgan City, Louisiana

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

**Schedule of Findings
For the Year Ended September 30, 2025**

A. SUMMARY OF AUDITOR'S RESULTS

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

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

Internal Control

No findings are required to be reported for the year ended September 30, 2025.

Compliance and Other Matters

There was one material instance of noncompliance or other matters noted during the audit of the financial statements that is required to be reported for the year ended September 30, 2025.

3. Federal Awards

This section is not applicable for the year ended September 30, 2025.

4. Management Letter

No letter was issued.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

INTERNAL CONTROL

NO MATTERS TO BE REPORTED

COMPLIANCE AND OTHER MATTERS

ITEM NO. 2025-001 NONCOMPLIANCE WITH BUDGET MONITORING

Auditors' Comments

Condition: During the course of the audit for the year ended September 30, 2025, it was noted that the District's adopted budget included a fund deficit.

Criteria: The Local Government Budget Act prohibits local governments from adopting a budget in which anticipated revenues plus available fund balance is less than anticipated expenditures.

Effect: Violation of the Local Budget Act

Cause: The District budgeted expenditures in excess of anticipated revenues plus available fund balances.

Recommendation: The District should fine tune its budget monitoring program so that expenditures greater than available funds are reduced to avoid creating a deficit at the end of the fiscal year.

Management's Response: We will monitor budget program so that expenditures greater than available funds are reduced to avoid creating a deficit at the end of the year.

C. FINDINGS AND QUESTIONED COSTS – FEDERAL AWARDS PROGRAMS

This section is not applicable for the year ended September 30, 2025.

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

Item of Noncompliance

Item No. 2024-001 Noncompliance with Budget Monitoring

Condition: During the course of the audit for the year ended September 30, 2024, it was noted that the District's operating budget needed amendments which were not made.

Corrective Action: This has been corrected.

Item No. 2024-002 Noncompliance with Debt Covenant

Condition: During the course of the audit, we discovered funds were transferred from the Debt Service account to the General Fund account, upon further inquiry we determined the transfer was made from the wrong account in error.

Corrective Action: This has been corrected.

INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

Not applicable to prior year.

BOARD OF COMMISSION

ST MARY PARISH RECREATION DISTRICT #2

1110 GRACE STREET

P.O. BOX 922

MORGAN CITY, LOUISIANA 70381

March 4, 2026

LEROY TRIM
DIRECTOR

KIMBERLIN F. MCPHERSON
ADMIN. ASSISTANT

1110 GRACE STREET
P.O. BOX 922
MORGAN CITY, LA 70381
(985) 385-4224
FAX (985) 385-6928

OFFICE HOURS
8:00AM TO 12:00PM
1:00PM TO 4:00PM

ΩΩΩΩΩΩΩΩΩΩ

COMMISSIONERS

ANN POOLE
1024 RAMOS STREET
MORGAN CITY, LA 70380

NORMA SKINNER
1051 GRACE STREET
MORGAN CITY, LA 70380

NELDA DURAI
1200 JOSEPH STREET
MORGAN CITY, LA 70380

TRACY WILSON
1052 GRACE STREET
MORGAN CITY, LA 70380

DAVID MCGUIRE
1019 GRACE STREET
MORGAN CITY, LA 70380

Mr. Michael Waguespack, CPA,
Legislative Auditor
State of Louisiana
P.O. Box 94397
Baton Rouge, LA 70803-9397

Dear Mr. Waguespack:

Recreation District No. 2 of the Parish of St. Mary, State of Louisiana respectfully submits the following corrective action plan for their year ended September 30, 2025.

CORRECTIVE ACTION:

Person Responsible:

Ms. Ann Poole, Chairperson
Recreation District No. 2 of St. Mary Parish
State of Louisiana
1110 Grace Street
Morgan City, LA 70380

Time of Completion:

September 30, 2026

Noncompliance Re:

Item No. 2025-001

Noncompliance with Budget Monitoring: During the course of the audit, our auditors notified us that our adopted budget for the year ended September 30, 2025 included a fund deficit.

Corrective Action: We will monitor budget program so that expenditures greater than available funds are reduced to avoid creating a deficit at the end of the year.

This plan of action is being submitted in accordance with Legislative requirements. If you have any questions concerning this action, contact the undersigned.

Recreation District No. 2 of the Parish of St. Mary, State of Louisiana.

Ann Poole *Ann W. Poole*

Chairperson

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

SCHEDULE OF PROCEDURES PERFORMED AND
ASSOCIATED FINDINGS BASED UPON THE
STATEWIDE AGREED-UPON PROCEDURES

FOR THE YEAR ENDED
September 30, 2025
WITH
AGREED UPON PROCEDURES REPORT
BY
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

TABLE OF CONTENTS

	<u>Page No.</u>
Independent Certified Public Accountants' Report on Applying Agreed Upon Procedures	1-2
Schedule of Procedures Performed and Associated Findings Based upon the Statewide Agreed-Upon Procedures	
Guide to Presentation Format	3
Written Policies and Procedures	4-7
Board or Finance Committee	8-9
Bank Reconciliations	10
Collections (excluding electronic funds transfers)	11-13
Non-Payroll Disbursements (excluding card purchases, travel reimbursements, and petty cash purchases)	14-16
Credit Cards/ Debit Cards/ Fuel Cards/ Purchase Cards (Cards)	17
Travel and Travel-Related Expense Reimbursements (excluding card transactions)	18
Contracts	19
Payroll and Personnel	20
Ethics	21
Debt Service	22
Fraud Notice	23
Information Technology Disaster Recovery/ Business Continuity	24
Prevention of Sexual Harassment	25



INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners
Recreation District No.2
Of the Parish of St. Mary
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated in the attached Schedule of Procedures Performed and Associated Findings Based Upon the Statewide Agreed-Upon Procedures (Schedule), on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor (LLA)'s Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period October 1, 2024 through September 30, 2025. Recreation District No. 2 of the Parish of St Mary (District) management is responsible for those C/C areas identified in the SAUPs presented in the attached Schedule.

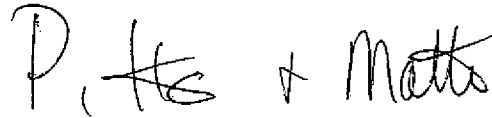
The District has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period October 1, 2024 through September 30, 2025. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are included in the attached Schedule.

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

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

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, 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 may be distributed by the LLA as a public document.

Handwritten signature in cursive script, appearing to read "P. H. & Matts".

CERTIFIED PUBLIC ACCOUNTANTS

Morgan City, Louisiana
March 4, 2026

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

**Schedule of Procedures Performed and Associated Findings Based upon the
Statewide Agreed-Upon Procedures
For the Year Ended September 30, 2025**

Guide to Presentation Format

This report contains these items presented in this order:

Statewide Agreed-Upon Procedures (SAUPs) prescribed by the Louisiana Legislative Auditor (LLA),
Procedures performed by the Independent Certified Public Accountant,
Findings based upon the procedures performed, and
Management's Comments relative to the findings, if applicable.

In order to facilitate understanding this report - the procedures and findings are presented in the following format:

<u>Order of Presentation</u>	<u>Presentation Format</u>
Area or function	Centered all CAPITALS IN BOLD TYPE
Statewide Agreed-Upon Procedures Prescribed (SAUPs) by Louisiana Legislative Auditor (LLA)	<u>Regular type highlighted with numbers or letters (if there are multiple parts)</u>
Actual procedures performed by Independent Certified Public Accountant	Denoted as Procedure Performed: (in bold type) followed by procedure in regular type
Finding based upon procedure performed	Denoted as Findings: (in bold type) followed by findings in regular type
Management's response to findings	Denoted as Management's Response: (in bold type) followed by <i>managements response in italics</i>

WRITTEN POLICIES AND PROCEDURES

1) Written Policies and Procedures

- A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:

Budgeting

- i. Budgeting, including preparing, adopting, monitoring, and amending the budget.

Procedure Performed: Obtained from management and inspected the District's "Policy & Procedure Manual" and read the written policies and procedures for budgeting.

Findings: Found the District has written policies and procedures that include the specified functions listed above.

Purchasing

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

Procedure Performed: Obtained from management and inspected the District's "Policy & Procedure Manual" and read the written policies and procedures for purchasing.

Findings: Found the District has written policies that include the specified functions listed above.

Disbursements

- iii. Disbursements, including processing, reviewing, and approving.

Procedure Performed: Obtained from management and inspected the District's "Policy & Procedure Manual" and read the written policies and procedures for disbursements.

Findings: Found the District has written policies that include the specified functions listed above.

Receipts/Collections

- iv. Receipts/collections, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

WRITTEN POLICIES AND PROCEDURES (CONTINUED)

Procedure Performed: Obtained from management and inspected the District's "Policy & Procedure Manual" and read the written policies and procedures for receipts/collections.

Findings: Found the District has written policies that include the specified functions listed above.

Payroll/Personnel

v. Payroll/Personnel, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.

Procedure Performed: Obtained from management and inspected the District's "Policy & Procedure Manual" and read the written policies and procedures for payroll and personnel.

Findings: Found the District has written policies and procedures that include the specified functions listed above.

Contracting

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

Procedure Performed: Obtained from management and inspected the District's "Policy & Procedure Manual" and read the written policies and procedures for contracts.

Findings: Found the District has written policies that include the specified functions listed above.

Travel and Expense Reimbursement

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

Procedure Performed: Obtained from management and inspected the District's "Policy & Procedure Manual" and read written policies and procedures for travel and expense reimbursement.

Findings: Found the District has written policies that includes the specified functions listed above.

WRITTEN POLICIES AND PROCEDURES (CONTINUED)

Credit Cards

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

Procedure Performed Obtained from management and inspected the District's "Policy & Procedure Manual" and read the written policies and procedures for credit cards.

Findings: Found the District has written policies that include the specified functions listed above.

Ethics

ix. Ethics, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

Procedure Performed: Obtained from management and inspected the District's "Policy & Procedure Manual" and read the written policies and procedures for ethics.

Findings: Found the District has written policies that includes the specified functions listed above.

Debt Service

x. Debt Service, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements:

Procedure Performed: Inquired of management and obtained management's written representation that they do not have written policies and procedures for debt service.

Findings: Found the District does not have written policies and procedures regarding debt service.

Information Technology Disaster Recovery/Business Continuity

xi. Information Technology Disaster Recovery/Business Continuity, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

WRITTEN POLICIES AND PROCEDURES (CONTINUED)

Procedure Performed: We performed the procedures.

Findings: Discussed the findings with management.

Prevention of Sexual Harassment

xii. Prevention of Sexual Harassment, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Procedure Performed: Obtained from management and inspected the District's "Policy & Procedure Manual" and read the written policies and procedures for sexual harassment.

Findings: Found the District has written policies that include the specified functions listed above with the exception of annual employee training.

Management's response:

Policies and procedures are in place for all the areas above; however, the district does not have policies and procedures in writing for Debt Service and Prevention of Sexual Harassment, as it relates to annual employee training.

We plan to put policies and procedures in all areas in writing.

BOARD OR FINANCE COMMITTEE

2) Board or Finance Committee

A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and

i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

Procedure Performed: Obtained and read the District's board minutes for the fiscal period as well as Louisiana State Law as it relates to Recreation Districts and the Ordinance that created the District.

Findings: Found that the District met with a quorum at all twelve of the monthly meetings and one special meeting during the fiscal year.

ii. For those entities reporting on the governmental accounting model, review the minutes from all regularly scheduled board/finance committee meetings held during the fiscal year and observe whether the minutes from at least one meeting each month referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons, at a minimum, on all proprietary funds, and semi-annual budget-to-actual comparisons, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

Procedure Performed Obtained and inspected the District's board minutes for the fiscal period.

Findings: Found that the minutes for all 12 monthly meetings referenced monthly financial reports but only 3 of the 12 months made reference to monthly budget-to-actual comparisons.

iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Procedure Performed Obtained and read the District's prior year audit report. Observed the unassigned fund balance in the general fund and inspected the minutes of the fiscal period.

Findings: Found that general fund did have a negative ending unassigned fund balance in the prior year audit report. Found the minutes did reference a formal plan to eliminate the negative unassigned fund balance in the general fund.

BOARD OR FINANCE COMMITTEE (CONTINUED)

- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Procedure Performed: Obtained and read the District's meeting minutes for the fiscal period.

Findings: Found that the minutes referenced that the board committee received written updates of the progress of resolving audit findings according to management's corrective action plan until the findings were considered fully resolved.

Management's response:

In the future, we will reference or include budget-to-actual comparisons in our minutes for each monthly meeting.

BANK RECONCILIATIONS

3) Bank Reconciliations

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

Procedures Performed: Obtained the listing of bank accounts from management and management's representation that the list is complete. Selected all 4 bank accounts from the list and randomly selected one month from the fiscal period. Obtained and inspected bank statements and bank reconciliations prepared for the month selected for all accounts selected.

Findings:

- i. Observed there is evidence that each bank reconciliation was prepared within 2 months of the related statement closing date.
- ii. Observed there is no written evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of date of preparation.
- iii. Observed there are no reconciling items which have been outstanding for more than 12 months from the statement closing date.

Management's response:

In the future, we include written evidence that a member of management/board member who does not handle cash, post ledgers, or issues checks has reviewed each bank reconciliation within 1 month of the date the reconciliations were prepared.

COLLECTIONS (EXCLUDING ELECTRONIC FUNDS TRANSFERS)

4) Collections (excluding electronic funds transfers)

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

Procedure Performed: Obtained the listing of deposit sites where deposits for cash/check/money order (cash) are prepared and management's representation that the listing is complete.

Findings: Found that the District has only one deposit site.

- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that

- i. Employees responsible for cash collections do not share cash drawers/registers;
- ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
- iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and
- iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or custodial fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation;

Procedure Performed: Obtained the listing of cash/check/money order (cash) collections locations for the District's one deposit site and management's representation that the listing is complete and inquired of employees about the employees' job duties.

Findings: The District has only one cash collection location.

- i. Employees responsible for cash collections do not share a cash drawer.
- ii. The employee who is responsible for collecting cash is also responsible for preparing/making bank deposits. However, an outside accountant is responsible for reconciling collection documentation to the deposit.
- iii. The employee who is responsible for collecting cash is also responsible for posting collection entries to the general ledger or subsidiary ledgers. However, an outside accountant is responsible for reconciling ledger postings to each other and to the deposit.

COLLECTIONS (EXCLUDING ELECTRONIC FUNDS TRANSFERS) (CONTINUED)

- iv. Employees are responsible for collecting cash and the outside accountant is responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions.

C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.

Procedure Performed: Obtained and read a copy of the insurance policy for theft covering all employees who have access to cash and observed the insurance policy for theft was in force during the fiscal period.

Findings: Found the District's insurance policy for theft was in force during the fiscal period.

D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, 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

i. Observe that receipts are sequentially pre-numbered.

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

iii. Trace the deposit slip total to the actual deposit per the bank statement.

iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

v. Trace the actual deposit per the bank statement to the general ledger.

Procedure Performed: Randomly selected two deposit dates from the bank statements for the 4 bank accounts selected for procedure #3A (selected the next deposit date chronologically if no deposit was made on the date randomly selected). Obtained supporting documentation for the selected deposits.

Findings: Found that 2 of the 4 bank accounts selected for procedure #3A had only electronic fund transfer activity or interest income activity during the fiscal period. For the remaining accounts:

- i. Found that the District does not have sequentially pre-numbered receipts.
- ii. Found that all collection documentation agrees to the deposit slips.
- iii. Found that all the deposit slip totals agreed to the actual deposit per the bank statement.

COLLECTIONS (EXCLUDING ELECTRONIC FUNDS TRANSFERS) (CONTINUED)

- iv. Found that all deposits were not made within one business day of receipt at the collection location.
- v. Found all actual deposits per the bank statements were recorded in the general ledger.

Management's response:

We have sequentially prenumbered receipts for rentals, however we do not consider it necessary to have sequentially prenumbered receipts for deposits received from governmental entities.

In the future, we will document the date we receive deposits indicating deposits were made within one business day of receipt.

NON-PAYROLL DISBURSEMENTS (EXCLUDING CARD PURCHASES, TRAVEL REIMBURSEMENTS, AND PETTY CASH PURCHASES)

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

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

Procedure Performed: Obtained a listing of locations that process payments from management and management's representation that the listing is complete.

Findings: Found the District has one location that processes payments.

B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that

i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;

ii. At least two employees are involved in processing and approving payments to vendors;

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

iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and

v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

[Note: Findings related to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]

Procedure Performed: Obtained a listing of employees involved with non-payroll purchasing and payment functions and inquired of employees about their job duties to observe that job duties are properly segregated.

Findings:

i. Found that one employee is involved in initiating a purchase request, approving a purchase, and placing an order/making a purchase. However, purchases must be approved by the board prior to purchases being made.

ii. Found that one employee is involved in processing and approving payments to vendors. However, payments must be approved by the board prior to payments being made.

NON-PAYROLL DISBURSEMENTS (EXCLUDING CARD PURCHASES, TRAVEL REIMBURSEMENTS, AND PETTY CASH PURCHASES) (CONTINUED)

- iii. Found that the employees responsible for processing payments are not prohibited from adding/modifying vendor files. However, the District's board is responsible for periodically reviewing changes to vendor files.
- iv. Found that the employee/official who is responsible for signing checks, gives the checks to an employee who is not responsible for processing payments, to mail.
- v. Found that the employee/official who is authorized to sign checks is also responsible for approving electronic disbursements of funds.

C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and

- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
- ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

Procedure Performed: Obtained the District's non-payroll disbursements transaction population (excluding cards and travel reimbursements) and management's representation that the population was complete. We randomly selected 5 disbursements from the listing and obtained and observed supporting documentation for each transaction.

Findings:

- i. Found that disbursements matched the related original itemized invoice and supporting documentation indicated deliverables included on the invoices were received by the District.
- ii. Found that disbursement documentation included evidence that the District is following its policies as it relates to the segregation of duties tested under 5B(i), 5B(ii), and 5B(iv). 5B(iii) is not applicable to the selected disbursements because the vendor files were not added or modified for the disbursements. 5B(v) is not applicable for the selected disbursements because none of the disbursements were electronically disbursed.

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

NON-PAYROLL DISBURSEMENTS (EXCLUDING CARD PURCHASES, TRAVEL REIMBURSEMENTS, AND PETTY CASH PURCHASES) (CONTINUED)

Procedure Performed: Selected the 3 non-payroll-related electronic disbursements from the District's main operating account for the month selected in procedure #3A and obtained supporting documentation for each disbursement.

Findings:

- a) Found there was no evidence disbursements were approved by those persons authorized to disburse funds per the District's policy.
- b) Found there was no evidence disbursements were approved by the required number of authorized signers per the District's policy.

Management's response:

In the future, we will include written evidence that employees/board members authorized to sign checks also approve the electronic disbursement of funds.

CREDIT CARDS/ DEBIT CARDS/ FUEL CARDS/ PURCHASE CARDS (CARDS)

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

Procedure #6 is not tested in Year 2 based on the LLA SAUP's 2-year testing cycle, as this category did not have an exception in Year 1.

**TRAVEL AND TRAVEL-RELATED EXPENSE REIMBURSEMENTS
(EXCLUDING CARD TRANSACTIONS)**

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

Procedure #7 is not tested in Year 2 based on the LLA SAUP's 2-year testing cycle, as this category did not have an exception in Year 1.

CONTRACTS

8) Contracts

Procedure #8 is not tested in Year 2 based on the LLA SAUP's 2-year testing cycle, as this category did not have an exception in Year 1.

PAYROLL AND PERSONNEL

9) Payroll and Personnel

Procedure #9 is not tested in Year 2 based on the LLA SAUP's 2-year testing cycle, as this category did not have an exception in Year 1.

ETHICS

10) Ethics

A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and

- i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
- ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

Procedure Performed: Obtained listing of employees/officials employed during the fiscal period and obtain management's written representation that the listing is complete. Randomly selected 5 employees/officials from the listing and obtained and observed ethics documentation for the selected employees. Obtained management's representation that there were no changes to the District's Ethics Policy during the current fiscal year.

Findings:

- i. Observed the documentation demonstrates all 5 employees/officials completed one hour of ethics training during the calendar year.
- ii. This procedure is not applicable. There were no changes to the District's ethics policy during the fiscal period.

B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Procedure Performed: Inquired of management and obtained management's written representation that the District has appointed an ethics designee.

Findings: Found that the District has appointed an ethics designee.

Management's response:

No comment.

DEBT SERVICE

11) Debt Service

Procedure #11 is not tested in Year 2 based on the LLA SAUP's 2-year testing cycle, as this category did not have an exception in Year 1.

FRAUD NOTICE

12) Fraud Notice

Procedure #12 is not tested in Year 2 based on the LLA SAUP's 2-year testing cycle, as this category did not have an exception in Year 1.

INFORMATION TECHNOLOGY DISASTER RECOVERY/ BUSINESS CONTINUITY

13) Information Technology Disaster Recovery/ Business Continuity

Procedure #13 is not tested in Year 2 based on the LLA SAUP's 2-year testing cycle, since reporting the results of testing in this category was not required in Year 1.

PREVENTION OF SEXUAL HARRASSMENT

14) Prevention of Sexual Harassment

Procedure #14 is not tested in Year 2 based on the LLA SAUP's 2-year testing cycle, as this category did not have an exception in Year 1.