

RECREATION DISTRICT NO. 5

**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, 2023

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	10-17
 <u>REQUIRED SUPPLEMENTAL INFORMATION</u>	
Operating Budget (Non-GAAP basis) (Unaudited)	19
Notes to Required Supplemental Information (Unaudited)	20
 <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>	22-23
Schedule of Findings	24-27
Summary of Prior Year Findings and Corrective Action Prepared by Recreation District No. 5 of St. Mary Parish, State of Louisiana	28
Corrective Action Plan Prepared by the Management of Recreation District No. 5 of the Parish of St. Mary, State of Louisiana	29-30

FINANCIAL INFORMATION SECTION



INDEPENDENT AUDITORS' REPORT

The Board of Commissioners
Recreation District No. 5 of the Parish
of St. Mary, State of Louisiana
Jeanerette, Louisiana

Opinion

We have audited the accompanying financial statements of the governmental activities and each major fund of the Recreation District No 5 of the Parish of St. Mary, State of Louisiana (District), a component unit of the St. Mary Parish Council, as of and for the year ended September 30, 2023, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position and changes in financial position of the District, as of September 30, 2023, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Other Reporting Requirements by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2024 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

March 22, 2024
Morgan City, Louisiana

**RECREATION DISTRICT NO. 5 OF THE PARISH OF ST. MARY
STATE OF LOUISIANA**

**Statement of Net Position
September 30, 2023**

	<u>Governmental Activities</u>
ASSETS	
Current assets	
Cash and cash equivalents	\$ 89,398
Due from other governments	<u>18,000</u>
Total current assets	<u>107,398</u>
Capital assets-net of accumulated depreciation	
Land and Improvements	210,754
Building	1,354,865
Vehicles	2,791
Equipment and furniture	<u>45,962</u>
Total net capital assets	<u>1,614,372</u>
Total assets	<u><u>\$ 1,721,770</u></u>
LIABILITIES AND NET POSITION	
Liabilities	
Current liabilities	
Accounts payable and accrued expenses	<u>\$ 22,488</u>
Total liabilities	<u>22,488</u>
Net position	
Investment in capital assets, net of related debt	1,614,372
Restricted for:	
Debt service	24,755
Unrestricted	<u>60,155</u>
Total net position	<u>1,699,282</u>
Total liabilities and net position	<u><u>\$1,721,770</u></u>

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

**RECREATION DISTRICT NO. 5 OF THE PARISH OF ST. MARY
STATE OF LOUISIANA**

**Statement of Activities
For the Year Ended September 30, 2023**

	<u>Total</u>
<u>Expenses</u>	
Current operating:	
Culture and recreation	
Salaries, wages, and benefits	\$ 143,576
Repairs and maintenance	38,161
Insurance	59,698
Utilities and telephone	53,719
Professional services	91,348
Supplies	3,470
Office	11,973
Penalty and Interest Expense	2,612
Recreation program expense	29,812
Miscellaneous	1,779
Depreciation expense	125,882
Total program expenses	<u>562,030</u>
 <u>Program revenues</u>	
Rental income	31,644
Total program revenues	<u>31,644</u>
 Net program expenses	 <u>530,386</u>
 <u>General revenues</u>	
Taxes:	
Ad valorem	383,562
Intergovernmental - St. Mary Parish Council	18,000
Interest income	1,004
Other Income	4,757
Total general revenues	<u>407,323</u>
Increase (decrease) in net assets	(123,063)
Net position - beginning of year	<u>1,822,345</u>
Net position - end of year	<u><u>\$1,699,282</u></u>

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

**RECREATION DISTRICT NO. 5 OF THE PARISH OF ST. MARY
STATE OF LOUISIANA**

**Balance Sheet
Governmental Funds
September 30, 2023**

	<u>Governmental Fund Types</u>		Total Governmental Funds
	<u>General Fund</u>	Debt Service <u>Fund</u>	
ASSETS			
Cash and cash equivalents	\$81,643	\$7,755	\$ 89,398
Due from other governments	18,000		18,000
Due from general fund		17,000	17,000
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$99,643</u>	<u>\$24,755</u>	<u>124,398</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued expenses	\$22,488		22,488
Due to debt service fund	17,000		17,000
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>39,488</u>		<u>39,488</u>
Fund balances:			
Unassigned	60,155		60,155
Restricted for debt service		24,755	24,755
	<hr/>	<hr/>	<hr/>
Total fund balances	<u>60,155</u>	<u>24,755</u>	<u>84,910</u>
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	<u>\$99,643</u>	<u>\$24,755</u>	<u>\$ 124,398</u>

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

Total fund balance - Governmental Funds \$84,910

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.

1,614,372

Net position of governmental activities

\$1,699,282

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

**RECREATION DISTRICT NO. 5 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, 2023**

	General Fund	Debt Service Fund	Total Governmental Funds
<u>Revenues</u>			
Rental income	\$ 31,644		\$ 31,644
Ad valorem taxes	381,469	\$ 2,093	383,562
Parish Council Grants	18,000		18,000
Other Income	4,757		4,757
Interest Income	955	49	1,004
	<u>436,825</u>	<u>2,142</u>	<u>438,967</u>
<u>Expenditures</u>			
Current:			
Culture and recreation			
Salaries and per diem	143,576		143,576
Repairs and maintenance	38,161		38,161
Insurance	59,698		59,698
Utilities, telephone, & internet	53,719		53,719
Professional services	91,348		91,348
Supplies	3,470		3,470
Office	11,973		11,973
Recreation programs expense	29,812		29,812
Interest Expense	2,612		2,612
Miscellaneous	1,779		1,779
Capital Outlay	29,076		29,076
Total expenditures	<u>465,224</u>	<u>-</u>	<u>465,224</u>
Excess (deficit) of revenues over expenditures	(28,399)	2,142	(26,257)
Other Financing Sources (Uses)			
Transfers in from other funds	17,480	-	17,480
Transfers out to other funds	<u>-</u>	<u>(17,480)</u>	<u>(17,480)</u>
Total other financing sources (uses)	<u>17,480</u>	<u>(17,480)</u>	<u>-</u>
Excess (deficit) of revenues and other financing sources over expenditures and other financing uses	(10,919)	(15,338)	(26,257)
Fund balances, beginning of year	<u>71,074</u>	<u>40,093</u>	<u>111,167</u>
Fund balances, end of year	<u>\$ 60,155</u>	<u>\$ 24,755</u>	<u>\$ 84,910</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 - Governmental Funds \$ (26,257)

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 (\$125,882) exceeded capital outlays (\$29,076) in the current period. (96,806)

Change in net position of governmental activities \$ (123,063)

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

**RECREATION DISTRICT NO. 5 OF THE PARISH OF
ST. MARY, STATE OF LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Recreation District No. 5 of the Parish of St. Mary, State of Louisiana (District), was created by Ordinance No. 1528 of the St. Mary Parish Council (Council) on May 8, 2002. The District encompasses Wards 2 and 7, and a portion of Ward 1. The purpose of the District is to provide for cultural and recreational activities in that portion of the Parish.

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 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, reserves, 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.

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 population and homesteads in the District) are recorded in the year the taxes are assessed.

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, 2023, 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

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. 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	30
Improvements	40
Equipment	5
Vehicles	5

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.

J. 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. Restricted represent those portions of fund equity not appropriable 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. Nonspendable represents those portions of fund equity that can not be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

K. Interfund Transfers, Amounts Due To/From Funds

Amounts due from the General Fund and due to the Debt Service fund arose when the Debt Service fund paid expenses on behalf of the General Fund. The General Fund intends to reimburse the Debt Service Fund for these expenses.

Permanent reallocations of resources between funds of the District are classified as interfund transfers. For the purpose of the Statement of Activities, all interfund transfers between individual governmental funds and amounts due to/from those funds have been eliminated.

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.

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 \$89,398 and the bank balance was \$95,812 (all of which was covered by federal depository insurance).

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 7.50 mils of property tax. For the year ended September 30, 2023, 7.50 mils were distributed to the General Fund and dedicated to operations and maintenance. For the year ended September 30, 2023 a mil levied resulted in approximately \$50,000 in ad valorem taxes received by the District.

NOTE 4 – DUE FROM OTHER GOVERNMENTS

The Parish allocated funds to the District during the current fiscal year, however the funds were received shortly after year end as follows:

	Revenues <u>Recorded</u>	<u>Receivable</u>
St. Mary Parish	\$18,000	\$18,000

The amounts recorded as revenue and receivable respectively from St. Mary Parish are an allocation of funds for a Master Plan for development of the West St. Mary Civic Center.

NOTE 5 - FIXED ASSETS

Capital asset activity for the year ended September 30, 2023 is as follows:

	Balance September 30, <u>2022</u>	<u>Additions</u>	Balance September 30, <u>2023</u>
Capital assets:			
Land	\$ 66,500		\$ 66,500
Total capital assets not being Depreciated	<u>66,500</u>		<u>66,500</u>
Other capital assets:			
Building	3,141,141		3,141,141
Equipment & furniture	126,869	\$25,480	152,349
Vehicles	76,098		76,098
Improvements	<u>217,766</u>	<u>3,596</u>	<u>221,362</u>
Total other capital assets at historical cost	<u>3,561,874</u>	<u>29,076</u>	<u>3,590,950</u>
Less accumulated depreciation for:			
Building	(1,681,454)	(104,822)	(1,786,276)
Equipment & Furniture	(100,912)	(5,475)	(106,387)
Vehicles	(63,115)	(10,192)	(73,307)
Improvements	<u>(71,715)</u>	<u>(5,393)</u>	<u>(77,108)</u>
Total accumulated depreciation	<u>(1,917,196)</u>	<u>(125,882)</u>	<u>(2,043,078)</u>
Total capital assets, net	<u>\$1,711,178</u>	<u>\$(96,806)</u>	<u>\$1,614,372</u>

Depreciation expense for the year totaled approximately \$126,000.

NOTE 6 - 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, 2023 the District contributed \$7,817 and the District's employees contributed \$7,817.

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

NOTE 7 - COMPENSATION OF BOARD MEMBERS AND OFFICERS

Board members received the following per diems (the Chief Executive Officer, received no compensation) for the year ended September 30, 2023:

<u>Name</u>	<u>Amount</u>
Deborah Aymond, Chairman (Chief Executive Officer)	\$780
Norma Bouey	715
Rosa Crosby	585
Sommer Francis	585
Tammie Moore	<u>585</u>
	<u>\$3,250</u>

NOTE 8 - CONCENTRATIONS

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

NOTE 9 - 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. 5 OF THE PARISH OF ST. MARY
STATE OF LOUISIANA**

**Operating Budget (Non-GAAP Basis)
General Fund and Other Operations
(Unaudited)
For the Year Ended September 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
Ad valorem taxes	\$ 340,000	\$ 385,000	\$ 383,562	\$ (1,438)
Interest income	30	950	1,004	54
Rental income	30,000	35,000	31,644	(3,356)
Parish Council Grants	2,500	-	18,000	18,000
Water District Rental Income	3,600	-	-	-
Miscellaneous income	120	4,800	4,757	(43)
Total revenues	<u>376,250</u>	<u>425,750</u>	<u>438,967</u>	<u>13,217</u>
<u>Expenditures</u>				
Current:				
Culture and recreation				
Salaries, wages, and benefits	142,700	148,000	143,576	4,424
Repairs and maintenance	42,000	65,000	38,161	26,839
Insurance	48,000	55,000	59,698	(4,698)
Utilities	53,600	53,200	53,719	(519)
Professional services	42,000	69,950	91,348	(21,398)
Supplies	5,000	3,800	3,470	330
Office	9,000	10,250	11,973	(1,723)
Penalty and Interest Expense	-	7,000	2,612	4,388
Recreation program	30,000	30,000	29,812	188
Miscellaneous	4,250	1,450	1,779	(329)
Total expenditures	<u>376,550</u>	<u>443,650</u>	<u>436,148</u>	<u>7,502</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (300)</u>	<u>\$ (17,900)</u>	<u>\$ 2,819</u>	<u>\$ 20,719</u>

The accompanying notes are an integral part of this supplemental information.

**RECREATION DISTRICT NO. 5 OF THE PARISH OF
ST. MARY, STATE OF LOUISIANA**

**NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
(Unaudited)**

September 30, 2023

NOTE 1 - BUDGET PROCESS

The District adopts a single combined budget (General Fund and Other Operations Budget) for the operations of both its General Fund and Debt Service Fund rather than separate budgets for each fund. The budget is adopted on a basis consistent with generally accepted accounting principles except, for purchases of capital assets. All annual appropriations lapse at fiscal year end. Budgets are amended when necessary with Board approval. In the financial statement comparison of the budget to actual amounts, both the original and final amended amounts are shown.

NOTE 2 - BUDGET RECONCILIATION

The following is a reconciliation of the actual amounts as shown in the operating budget to the actual amounts as shown in the financial statements:

Excess of revenues over expenditures per Operating Budget	\$2,819
Less:	
Capital Outlay	<u>(29,076)</u>
Excess (deficiency) of revenues over expenditures for all funds per Statement of Revenues, Expenditures and Changes in Fund Balance	<u>\$(26,257)</u>

INTERNAL CONTROL AND COMPLIANCE
AND OTHER MATTERS SECTION



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

The Board of Commissioners
Recreation District No. 5 of the Parish
of St. Mary, State of Louisiana
Jeanerette, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, and each major fund of the Recreation District No. 5, of the Parish of St. Mary, State of Louisiana (District), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 22, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings as item 2023-001, that we consider to be a significant deficiency

Report on Compliance and Other Matters

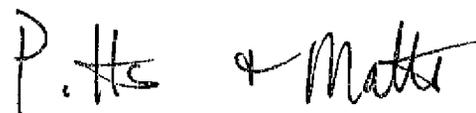
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* described in the accompanying schedule of findings as item 2023-002.

The District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit is described in the accompanying schedule of findings. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on 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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity'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

Morgan City, Louisiana
March 22, 2024

**RECREATION DISTRICT NO. 5 OF THE PARISH OF ST. MARY
STATE OF LOUISIANA**

**Schedule of Findings
For the Year Ended September 30, 2023**

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expressed an unmodified opinion on the financial statements of the Recreation District No. 5 of the Parish of St. Mary.

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

Internal Control Over Financial Reporting

One deficiency in internal control is reported as a significant deficiency.

Compliance and Other Matters

There is one instance of noncompliance or other matters which is required to be reported.

3. Federal Awards

This section is not applicable for the year ended September 30, 2023.

B. FINDINGS FINANCIAL STATEMENT AUDIT

INTERNAL CONTROL

Significant Deficiency

ITEM NO. 2023-001 APPLICATION OF GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP)

Auditor's Comments:

Condition: The individuals responsible for the District's accounting and reporting functions lack the knowledge and experience needed to prepare the financial statements of a governmental entity in accordance with GAAP.

Criteria: A deficiency in the design of internal control exist when the persons responsible for the accounting and reporting function lacks the skills and knowledge to apply generally accepted accounting principles in recording the entity's financial transactions or preparing its financial statements.

Cause: This condition is a result of management and staff not having the experience needed to fully prepare governmental financial statements in accordance with GAAP for governments.

Effect: Financial statements may reflect a departure from GAAP.

Recommendation: No recommendation forwarded. The additional costs required to achieve the desired benefit may not be economically feasible.

Management Response: We believe the monthly financial statement prepared by our accountant is sufficient for us to make management decisions. We have determined that it is in the best interest of the District to outsource to our independent auditors the preparation of the annual financial statements and related notes in accordance with GAAP, and we will review, approve, and accept responsibility for the content prior to issuance.

ITEM OF NONCOMPLIANCE

ITEM NO. 2023-002 FAILURE TO CLASSIFY WORKERS

Auditor's Comments:

Condition: During the course of the audit we discovered that a Louisiana Workforce audit was conducted and found that the District failed to correctly classify workers as employees as required by the State.

Criteria: State law requires employers to properly classify workers.

Cause: The District failed to properly classify workers as employees instead of a contractor.

Effect: Failure to comply with State requirements regarding classification of workers.

Recommendations: The District should review and become familiar with State requirements as it relates to the classification of workers.

Management's Response: The Board of Directors has appealed proposed penalties and has adopted policies to ensure we remain in compliance.

C. FINDINGS AND QUESTIONED COSTS - FEDERAL AWARDS PROGRAMS

This section is not applicable for the year ended September 30, 2023.

**SUMMARY OF PRIOR YEAR FINDINGS AND RELATED CORRECTIVE ACTION
PREPARED BY RECREATION DISTRICT NO. 5 OF ST. MARY PARISH**

**INTERNAL CONTROL AND COMPLIANCE AND OTHER MATTERS MATERIAL TO
THE FINANCIAL STATEMENTS**

**INTERNAL CONTROL
Significant Deficiency**

**ITEM NO. 2022-001 APPLICATION OF GENERALLY ACCEPTED ACCOUNTING
PRINCIPLES (GAAP)**

Condition: The individuals responsible for the District's accounting and reporting functions lack the knowledge and experience needed to prepare the financial statements of a governmental entity in accordance with GAAP.

Corrective Action: It is not economically feasible to correct this finding.

**Material Weakness
ITEM NO. 2022-002 UNAUTHORIZED PURCHASES**

Condition: Certain purchases did not follow the District's standard purchasing procedures.

Corrective Action: This situation was corrected in the current year.

**ITEM OF CONCOMPLIANCE
ITEM NO. 2022-003 FAILURE TO PROPERLY FILE FORM 1099**

Condition: The District failed to correctly file and furnish to payees Form 1099 as required by the Internal Revenue Service (IRS).

Corrective Action: This situation was corrected in the current year.

INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

This section is not applicable.

Recreation District No. 5

March 22, 2024

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

Dear Mr. Waguespack:

Recreation District No. 5 of the Parish of St. Mary, State of Louisiana respectfully submits the following corrective action plan for their year ended September 30, 2023.

CORRECTIVE ACTION:

Person Responsible: Deborah Aymond, Chairperson
Recreation District No. 5 of the Parish
of St. Mary, State of Louisiana
1498 Hwy 318
Jeanerette, LA 70544

Time of Completion: September 30, 2024

Internal Control: Re: Item No. 2023-001

Application of GAAP: During the audit, our auditors noted that the individuals responsible for the District's accounting and reporting functions lack the knowledge and experience needed to prepare the financial statements for the governmental entity in accordance with GAAP.

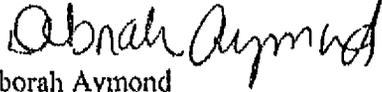
Corrective Action: We believe the monthly financial statement prepared by our accountant is sufficient for us to make management decisions. We have determined that it is in the best interest of the District to outsource to our independent auditors the preparation of the annual financial statements and notes in accordance with GAAP, and we will review, approve, and accept responsibility for the content prior to issuance.

Item of Noncompliance:

Re: Item No. 2023-002

Failure to Classify Workers: During the course of the audit, our auditors discovered that a Louisiana Workforce audit was conducted and found that we failed to correctly classify workers as employees as required by the State.

Corrective Action: We have appealed proposed penalties with the State and have adopted policies to ensure we remain in compliance.



Deborah Aymond

Chairperson