

Financial Report

Terrebonne Parish Recreation District No. 9

Houma, Louisiana

For the year ended December 31, 2017

Financial Report

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For the year ended December 31, 2017

TABLE OF CONTENTS

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For the year ended December 31, 2017

	<u>Exhibit</u>	<u>Page Number</u>
Introductory Section		
Title Page		i
Table of Contents		ii - iii
Financial Section		
Independent Auditor's Report		1 - 3
Management's Discussion and Analysis		4 - 9
Financial Statements:		
Government-wide and Fund Financial Statements:		
Statement of Net Position and Governmental Fund Balance Sheet	A	10
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position	B	11
Statement of Activities and Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance	C	12
Reconciliation of the Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities	D	13
Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	E	14
Notes to Financial Statements	F	15 - 31

TABLE OF CONTENTS
(Continued)

	<u>Schedule</u>	<u>Page Number</u>
Supplementary Information Section		
Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer	1	32
Special Reports of Certified Public Accountants		
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 <i>Government Auditing Standards</i>		33- 34
Schedule of Findings and Responses		35
Reports By Management		
Schedule of Prior Year Findings and Responses		36
Management's Corrective Action Plan		37
Agreed-upon Procedures		
Independent Accountant's Report on Applying Agreed-upon Procedures		38
Schedule of Procedures and Associated Findings of the Statewide Agreed-upon Procedures	2	39 - 56

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners,
Terrebonne Parish Recreation District No. 9,
Houma, Louisiana.

We have audited the accompanying financial statements of the governmental activities and the General Fund of Terrebonne Parish Recreation District No. 9, State of Louisiana (the District), a component unit of Terrebonne Parish Consolidated Government, State of Louisiana, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the General Fund of Terrebonne Parish Recreation District No. 9 as of December 31, 2017, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Terrebonne Parish Recreation District No. 9 basic financial statements. The accompanying supplementary information, on page 32, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This 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, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 18, 2018 on our consideration of Terrebonne Parish Recreation District No. 9's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Bougeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
April 18, 2018.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Terrebonne Parish Recreation District No. 9

December 31, 2017

Management's Discussion and Analysis of the Terrebonne Parish Recreation District No. 9's financial performance presents a narrative overview and analysis of the District's financial activities for the year ended December 31, 2017. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The District's assets exceeded its liabilities at the close of fiscal year 2017 by \$3,622,536 (net position), which represents a 9.43% increase from last fiscal year.

The District's revenue decreased \$106,170 (or 8.11%) primarily due to the decreases in ad valorem taxes and charges for services.

The District's expenses increased \$8,604 (or 0.98%) primarily due to the increases to personal services.

The District did not have a deficit fund balance.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's financial statements. The District's annual report consists of three parts: (1) management's discussion and analysis (this section) (2) financial statements; and (3) various governmental compliance reports and schedules by certified public accountants and management.

The financial statements include two kinds of statements that present different views of the District:

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private sector business. The Statement of Net Position presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Over

Government-wide Financial Statements (Continued)

time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. The Statement of Activities presents information showing how the District's net position changed during each fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. The governmental activity of the District is culture and recreation.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District's fund is a governmental fund.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains an individual governmental fund. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance for the General Fund. The District adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. The governmental fund financial statements can be found on pages 10 - 14 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found in Exhibit F of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. As of December 31, 2017, assets exceeded liabilities and deferred inflows by \$3,622,536. A large portion of the District's net position (58.86%) reflects its net investment in capital assets (e.g., land; construction in progress; buildings and improvements; machinery and equipment; office furniture, fixtures and equipment). Consequently, these assets are not available for future spending.

Condensed Statements of Net Position

	December 31,		Dollar Change
	2017	2016	
Current and other assets	\$ 2,321,991	\$ 2,004,583	\$ 317,408
Capital assets	2,132,076	2,081,674	50,402
Total assets	<u>4,454,067</u>	<u>4,086,257</u>	<u>367,810</u>
Current liabilities	8,223	7,684	539
Deferred Inflows of resources	823,308	768,291	55,017
Total liabilities	<u>831,531</u>	<u>775,975</u>	<u>55,556</u>
Net Position:			
Net investment in capital assets	2,132,076	2,081,674	50,402
Unrestricted	1,490,460	1,228,608	261,852
Total net position	<u>\$ 3,622,536</u>	<u>\$ 3,310,282</u>	<u>\$ 312,254</u>

Governmental Activities

Governmental activities increased the District's net position by \$312,254. Key elements of this increase are as follows:

Condensed Statement of Activities

	For the Year Ended December 31,		Dollar Change	Total Percent Change
	2017	2016		
Revenues:				
Program revenues:				
Charges for services	\$ 294,386	\$ 326,194	\$ (31,808)	-9.75%
General revenues:				
Taxes	769,418	914,976	(145,558)	-15.91%
Intergovernmental	115,493	56,733	58,760	103.57%
Miscellaneous	23,916	11,480	12,436	108.33%
Total revenues	<u>1,203,213</u>	<u>1,309,383</u>	<u>(106,170)</u>	<u>-8.11%</u>
Expenses:				
General government	47,410	48,387	(977)	-2.02%
Culture and recreation	843,549	833,968	9,581	1.15%
Total expenses	<u>890,959</u>	<u>882,355</u>	<u>8,604</u>	<u>0.98%</u>
Increase in net position	312,254	427,028	(114,774)	-26.88%
Net position, beginning of year	3,310,282	2,883,254	427,028	14.81%
Net position, end of year	<u>\$ 3,622,536</u>	<u>\$ 3,310,282</u>	<u>\$ 312,254</u>	<u>9.43%</u>

Governmental Activities (Continued)

In 2017, the District's total revenues decreased by \$106,170 due to decreases in collection of ad valorem tax assessed in prior years. The increase in culture and recreation expenses is due to increases in personal services for the employee raises and increased group health insurance premiums.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the District's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the District's General Fund's ending fund balance is \$1,463,473, which is an increase of \$261,069 in comparison with the prior year. The District has committed \$205,000 of its fund balance to purchase property in the subsequent year. The remaining fund balance of \$1,258,473 is unassigned and available for spending at the District's discretion.

General Fund Budgetary Highlights

In order to maintain compliance with state budget laws, the budget was amended twice during the year. The major differences between the original General Fund budget and the final amended budget were as follows:

Revenues

- Ad Valorem tax was decreased by \$28,937 to more accurately estimate tax collections.
- Charges for services was reduced \$13,860, primarily due to the decrease in pool revenues to more accurately reflect attendance.

Expenditures

- Capital outlay was decreased by \$60,300 due to postponing some projects until the subsequent year.
- Other services and charges was decreased by \$9,607 primarily due to a decrease in expenses for recreation activities for programs and day camp.
- Personal services was increased by \$8,200 due to the District implementing a 5% cost of living raise for all full time employees and increased group health insurance premiums.

During the year, actual revenues and expenditures exceeded the budgetary estimates.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's net investment in capital assets for its governmental activities as of December 31, 2017, amounts to \$2,132,076 (net of accumulated depreciation). This net investment in capital assets includes land, construction in progress, buildings and improvements, office furniture, fixtures and equipment; and machinery and equipment, as follows.

	<u>2017</u>	<u>2016</u>
Land	\$ 111,208	\$ 111,208
Construction in progress	7,797	20,362
Buildings and improvements	3,166,432	2,971,002
Machinery and equipment	515,591	518,555
Office furniture, fixtures, and equipment	<u>21,060</u>	<u>21,060</u>
Totals	<u>\$ 3,822,088</u>	<u>\$ 3,642,187</u>

Major capital asset events during the current fiscal year included the following:

- The District completed the new wrought iron fencing project at the Bayou Black facility.
- The District installed new playground equipment at Mulberry Park.
- The District rerouted the restroom plumbing at the Bayou Black facility.
- The District resurfaced the tennis court at the Bayou Black facility.

Additional information on the District's capital assets can be found in the Note 5, Exhibit F of this report.

The District has not incurred long-term debt or obligations as of December 31, 2017.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Board of Directors considered the following factors and indicators when setting next year's budget, rates, and fees. These factors and indicators include:

- Concession income, boat launch income, facility rental income, recreation activities income and day camp program revenues are anticipated to remain the same for 2018.
- Expenditures have been carefully budgeted only to include the bare necessities of operating expenditures i.e., utilities, repairs, employee wages, etc.
- A 3% pay increase for the District employees has been factored into the 2018 budget.
- A new retirement/pension plan with \$10,000 estimated for employees with a 6% employer contribution.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES (Continued)

Below is a highlight of the larger budgeted capital expenditure projects:

- \$45,000 for Mulberry playground equipment and drainage/dirt.
- \$50,000 for boat launch limestone and fencing on newly acquired 2018 property
- \$70,000 for various machinery & equipment with fall protection, a new sound system and new sno-ball trailer
- \$220,000 for the purchase of property and empty building located across from the boat launch

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Board of Directors of the Terrebonne Parish Recreation District No. 9, 107 Verret Street, Houma, Louisiana 70360.

STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET**Terrebonne Parish Recreation District No. 9**

December 31, 2017

	<u>General Fund</u>	<u>Adjustments (Exhibit B)</u>	<u>Statement of Net Position</u>
Assets			
Cash and cash equivalents	\$ 1,469,960		\$ 1,469,960
Receivables - taxes	389,081		389,081
Due from other governmental units	435,963		435,963
Prepaid insurance	-	\$ 26,987	26,987
Capital assets:			
Non-depreciable	-	119,005	119,005
Depreciable, net of accumulated depreciation	-	<u>2,013,071</u>	<u>2,013,071</u>
Total assets	<u>\$ 2,295,004</u>	<u>2,159,063</u>	<u>4,454,067</u>
Liabilities			
Accounts payable and accrued expenditures	\$ 6,904	-	6,904
Due to Terrebonne Parish Consolidated Government	<u>1,319</u>	<u>-</u>	<u>1,319</u>
Total liabilities	8,223	-	8,223
Deferred inflows of resources			
Unavailable revenue - property taxes	<u>823,308</u>	<u>-</u>	<u>823,308</u>
Total liabilities and deferred inflows of resources	<u>831,531</u>	<u>-</u>	<u>831,531</u>
Fund Balances/Net Position			
Fund balances:			
Committed			
Subsequent year's property purchase	205,000	(205,000)	-
Unassigned	<u>1,258,473</u>	<u>(1,258,473)</u>	<u>-</u>
Total Fund balances	<u>1,463,473</u>	<u>(1,463,473)</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,295,004</u>	<u>(1,463,473)</u>	<u>831,531</u>
Net position:			
Net investment in capital assets		2,132,076	2,132,076
Unrestricted		<u>1,490,460</u>	<u>1,490,460</u>
Total net position		<u>\$ 3,622,536</u>	<u>\$ 3,622,536</u>

See notes to financial statements.

**RECONCILIATION OF THE GOVERNMENTAL FUND
BALANCE SHEET TO THE STATEMENT OF NET POSITION**

Terrebonne Parish Recreation District No. 9

December 31, 2017

Fund Balance - Governmental Fund	\$ 1,463,473
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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 financial resources and, therefore, are not reported in the governmental fund.

Governmental capital assets	\$ 3,822,088	
Less accumulated depreciation	<u>(1,690,012)</u>	2,132,076

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

Prepaid insurance		<u>26,987</u>
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Net Position of Governmental Activities	<u><u>\$ 3,622,536</u></u>
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See notes to financial statements.

**STATEMENT OF ACTIVITIES AND STATEMENT OF
GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE**

Terrebonne Parish Recreation District No. 9

For the year ended December 31, 2017

	<u>General Fund</u>	<u>Adjustments (Exhibit D)</u>	<u>Statement of Activities</u>
Revenues			
Taxes	\$ 769,418		\$ 769,418
Intergovernmental:			
State of Louisiana:			
Federal - FEMA grant	62,578		62,578
State revenue sharing	24,915		24,915
Terrebonne Parish Consolidated Government	28,000		28,000
Charges for services	294,386		294,386
Miscellaneous:			
Interest	14,156		14,156
Other	9,760		9,760
Total revenues	<u>1,203,213</u>		<u>1,203,213</u>
Expenditures/Expenses			
Current:			
General government:			
Ad valorem tax adjustment	21,369		21,369
Ad valorem tax deductions	26,041		26,041
Total general government	<u>47,410</u>		<u>47,410</u>
Culture and recreation:			
Personal services	417,245		417,245
Supplies and materials	38,759		38,759
Other services and charges	179,973	\$ (783)	179,190
Repairs and maintenance	75,892	-	75,892
Capital outlay	182,865	(182,865)	-
Depreciation and impairment	-	132,463	132,463
Total culture and recreation	<u>894,734</u>	<u>(51,185)</u>	<u>843,549</u>
Total expenditures/expenses	<u>942,144</u>	<u>(51,185)</u>	<u>890,959</u>
Excess of revenues over expenditures	261,069	(261,069)	-
Change in Net Position	-	312,254	312,254
Fund Balance/Net Position			
Beginning of year	<u>1,202,404</u>	<u>2,107,878</u>	<u>3,310,282</u>
End of year	<u>\$ 1,463,473</u>	<u>\$ 2,159,063</u>	<u>\$ 3,622,536</u>

See notes to financial statements.

**RECONCILIATION OF THE STATEMENT OF GOVERNMENTAL
FUND REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE TO THE STATEMENT OF ACTIVITIES**

Terrebonne Parish Recreation District No. 9

For the year ended December 31, 2017

Net Change in Fund Balance - Governmental Fund **\$ 261,069**

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 and
reported as depreciation expense.

Capital outlay	\$ 182,865	
Depreciation expense	<u>(132,463)</u>	
Excess of capital outlay over depreciation expense		50,402

Some expenses reported in the Statement of Activities do not
require the use of current financial resources and are not
reported as expenditures in the governmental funds.

Prepaid insurance		<u>783</u>
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Change in Net Position of Governmental Activities **\$ 312,254**

See notes to financial statements.

**STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND**

Terrebonne Parish Recreation District No. 9

For the year ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 769,417	\$ 740,480	\$ 769,418	\$ 28,938
Intergovernmental:				
Federal - FEMA Grant	1,000	3,555	62,578	59,023
State of Louisiana:				
State revenue sharing	24,000	24,000	24,915	915
Terrebonne Parish Consolidated Government	-	-	28,000	28,000
Charges for services	334,000	320,140	294,386	(25,754)
Miscellaneous:				
Interest	4,700	13,400	14,156	756
Other	8,300	8,500	9,760	1,260
	<u>1,141,417</u>	<u>1,110,075</u>	<u>1,203,213</u>	<u>93,138</u>
Total revenues				
Expenditures				
Current:				
General government:				
Ad valorem tax adjustment	-	-	21,369	(21,369)
Ad valorem tax deductions	30,000	26,041	26,041	-
Total general government	<u>30,000</u>	<u>26,041</u>	<u>47,410</u>	<u>(21,369)</u>
Culture and recreation:				
Personal services	415,650	423,850	417,245	6,605
Supplies and materials	43,000	39,000	38,759	241
Other services and charges	186,600	176,993	179,973	(2,980)
Repairs and maintenance	85,000	89,000	75,892	13,108
Capital outlay	235,000	174,700	182,865	(8,165)
Total culture and recreation	<u>965,250</u>	<u>903,543</u>	<u>894,734</u>	<u>8,809</u>
Total expenditures	<u>995,250</u>	<u>929,584</u>	<u>942,144</u>	<u>(12,560)</u>
Excess of revenues over expenditures	146,167	180,491	261,069	80,578
Fund Balance				
Beginning of year	<u>1,115,349</u>	<u>1,202,404</u>	<u>1,202,404</u>	<u>-</u>
End of year	<u>\$ 1,261,516</u>	<u>\$ 1,382,895</u>	<u>\$ 1,463,473</u>	<u>\$ 80,578</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**Terrebonne Parish Recreation District No. 9**

December 31, 2017

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Terrebonne Parish Recreation District No. 9 (the "District") conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of significant accounting policies:

a) Reporting Entity

The District is a component unit of the Terrebonne Parish Consolidated Government (the "Parish") and as such, these financial statements will be included in the comprehensive annual financial report (CAFR) of the Parish for the year ended December 31, 2017.

GASB Statement No. 14, The Financial Reporting Entity, GASB Statement No. 39, Determining Whether Certain Organizations Are Component Units-an amendment of GASB Statement No. 14, and GASB Statement No. 61, The Financial Reporting Entity: Omnibus and amendment of GASB Statements No. 14 and No. 34 established the criterion for determining which component units should be considered part of the District for financial reporting purposes. The basic criteria are as follows:

1. Legal status of the potential component unit including the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued, and the right to buy, sell and lease property in its own name.
2. Whether the governing authority appoints a majority of the board members of the potential component unit.
3. Fiscal interdependency between the District and the potential component unit.
4. Imposition of will by the District on the potential component unit.
5. Financial benefit/burden relationship between the District and the potential component unit.

The District has reviewed all of its activities and determined that there are no potential component units that should be included in its financial statements.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Basis of Presentation

The District's financial statements consist of the government-wide statements on all activities of the District and the governmental fund financial statements.

Government-wide Financial Statements:

The government-wide financial statements include the Statement of Net Position and the Statement of Activities for all activities of the District. The government-wide presentation focuses primarily on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues.

Fund Financial Statements:

The daily accounts and operations of the District are organized on the basis of a fund and account groups, each of which is considered a separate accounting entity. The operations of the fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred inflows of resources, equity, revenues and expenditures. Government resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The following is the governmental fund of the District:

General Fund - The General Fund is the general operating fund of the District. It is used to account for and report all financial resources except those that are required to be accounted for and reported in another fund. The General Fund is always a major fund.

c) Measurement Focus and 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.

Government-wide Financial Statements:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Measurement Focus and Basis of Accounting (Continued)

timing of related cash flows. Property taxes are recognized in the year for which they are levied.

Fund Financial Statements:

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

Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Ad valorem taxes and the related state revenue sharing (intergovernmental revenue) are recognized as revenue in the period for which levied, thus the 2017 property taxes which are being levied to finance the 2018 budget will be recognized as revenue in 2018. The 2017 tax levy is reported as a deferred inflow of resources in the financial statements. Charges for services are recorded when earned since they are measurable and available. Miscellaneous revenues are recorded as revenues when received in cash by the District because they are generally not measurable until actually received.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Allocations of cost such as depreciation are not recognized in the governmental funds.

d) Use of Estimates

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Operating Budgetary Data

As required by the Louisiana Revised Statutes 39:1303, the Board of Commissioners (the Board) adopted a budget for the District's General Fund. The budgetary practices include public notice of the proposed budget, public inspection of the proposed budget, and a public hearing on the budget prior to adoption. Any amendment involving the transfer of monies from one function to another or increases in expenditures must be approved by the Board. In order to remain in compliance with State budgeting laws, the District amended its budget once during the year. All budgeted amounts that are not expended, or obligated through contracts, lapse at year-end.

The General Fund budget is adopted on a basis materially consistent with accounting principles generally accepted in the United States of America.

The General Fund budget presentation is included in the financial statements.

f) Accounts Receivable

The financial statements for the District do not contain an allowance for uncollectible accounts. Uncollectible amounts due for ad valorem taxes and other receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or operations of the funds.

g) Prepaid Insurance

The District has recorded prepaid insurance in its government-wide financial statements. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

h) Capital Assets

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Capital Assets (Continued)

Government-wide Financial Statements:

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets purchased or acquired with an original cost of \$400 or more and a useful life greater than one year are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. 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.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings and improvements	15 - 40 years
Machinery and equipment	5 - 20 years
Office furniture, fixtures, and equipment	5 - 12 years

Fund Financial Statements:

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

i) Vacation and Sick Leave

The District has five full-time employees. Full-time employees are eligible to receive 5 days of vacation after 1 year of service, and can earn up to a maximum of 15 vacation days depending on their length of employment. Every full-time employee is also eligible for 5 sick days beginning on their employment date. Vacation and sick days are not due to employees upon termination or death, and earned but unused days do not carry over from one year to the next. Vacation and sick leave days are based on a policy of use or lose by December 31st each year. Accordingly, management has determined accumulated unpaid vacation as of December 31, 2017 is not material to the financial statements.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Deferred Inflows of Resources

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources until that time. The governmental fund reports unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District reports unavailable revenue when resources associated with imposed non-exchange revenue transactions are received or reported as a receivable before (a) the period for which property taxes are levied or (b) the period when resources are required to be used or when use is first permitted for all other imposed non-exchange revenues in which the enabling legislation includes time requirements.

k) Fund Equity

Government-wide Statements:

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

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets, if any. As of December 31, 2017, the District had no outstanding borrowings.
- b. Restricted - Consists of assets and deferred outflow of resources less liabilities and deferred inflow of resources (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.
- c. Unrestricted - All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

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. As of December 31, 2017 and for the year then ended, the District did not have or receive restricted resources.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Fund Equity (Continued)

Fund Financial Statements:

Governmental fund equity is classified as fund balance. Fund balance is further classified as follows:

- a. Non-spendable - amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to maintain intact.
- b. Restricted - amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- c. Committed - amounts that can be used only for specific purposes determined by a formal action of the District's Board of Commissioners. Commitment may be established, modified, or rescinded only through ordinances or resolutions approved by the District's Board of Commissioners.
- d. Assigned - amounts that do not meet the criteria to be classified as either restricted or committed by that are intended to be used for specific purposes. Amounts may be assigned by a majority vote of the Board.
- e. Unassigned - all other spendable amounts.

For the classification of governmental fund balances, the District considers an expenditure to be made from the most restrictive first when more than one classification is available. The District's fund balance was classified as committed due to the Board authorizing a purchase of property for \$205,000 and unassigned as of December 31, 2017.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D) New GASB Statements

During the year ending December 31, 2017, the District implemented the following GASB Statements:

Statement No. 74, *"Financial Reporting for Postemployment Benefit Plans other than Pension Plans"* addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria and follows the framework for financial reporting of defined benefit OPEB plans in Statement 45 by requiring a statement of fiduciary net position and a statement of changes in fiduciary net position. The Statement requires more extensive note disclosures and RSI related to the measurement of the OPEB liabilities for which assets have been accumulated, including information about the annual money-weighted rates of return on plan investments and also sets forth note disclosure requirements for defined contribution OPEB plans. This statement did not affect the District's financial statements.

Statement No. 80, *"Blending Requirement for Certain Component Units"* improves financial reporting by clarifying the financial statement presentation requirements for certain component units. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. This requirement enhances comparability and decision usefulness of financial statements among governments. This statement did not affect the District's financial statements.

Statement No. 81, *"Irrevocable Split Interest Agreements"* provides recognition and measurement guidance for situation in which a government is a beneficiary of an irrevocable split interest agreement. This Statement requires that a government that receives resources pursuant to an irrevocable split interest agreement recognize assets, liabilities and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in agreements administered by third parties. Governments are required by this Statement to recognize revenue when the resources become applicable to the reporting period. This Statement enhances comparability and decision usefulness of financial statements among governments. This statement did not affect the District's financial statements.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I) New GASB Statements (Continued)

Statement No. 82, "*Pension Issues*" addresses several issues raised with respect to Statements No. 67, "*Financial Reporting for Pension Plans*," No. 68, "*Accounting and Financial Reporting for Pensions*," and No. 73, "*Accounting and Financial Reporting for Pensions and Related Assets that are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*." Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes; and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This statement did not affect the District's financial statements.

The GASB has issued the following Statements which will become effective in future years as shown below:

Statement No. 75, "*Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions*" replaces the requirements of GASB Statement No. 45. This Statement requires governments to report a liability on the face of the financial statements for the OPEB that they provide: governments that are responsible only for OPEB liabilities related to their own employees and that provide OPEB through a defined benefit OPEB plan administered through a trust that meets specified criteria will report a net OPEB liability, governments that participate in a cost-sharing OPEB plan that is administered through a trust that meets the specified criteria will report a liability equal to their proportionate share of the collective OPEB liability for all entities participating in the cost-sharing plan and governments that do not provide OPEB through a trust that meets specified criteria will report the total OPEB liability related to their employees. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2017. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 83, "*Certain Asset Retirement Obligations*" addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. The requirements of this Statement are effective for

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1) New GASB Statements (Continued)

reporting periods beginning after June 15, 2018. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 84, "*Fiduciary Activities*" improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 85, "*Omnibus 2017*." On March 20, 2017, GASB issued "*Omnibus 2017*" covering four main topics: blending component units; goodwill, fair value measurement and application; and postemployment benefits. "*Omnibus 2017*" is effective for fiscal years beginning after June 15, 2017. However, due to the nature of topic covered, GASB is allowing the option of early implementation for single topics. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 86, "*Certain Debt Extinguishment Issues*" improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged. Management has not yet determined the effect of this Statement on the financial statements.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I) New GASB Statements (Continued)

Statement No. 87, "*Leases*" increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. Management has not yet determined the effect of this Statement on the financial statements.

Note 2 - DEPOSITS

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States or any other federally insured investment, certificates of deposit of any bank domiciled or having a branch office in the state of Louisiana, guaranteed investment contracts and investment grade (A-1/P-1) commercial paper of domestic corporations.

State law requires that deposits (cash and certificates of deposit) of all political subdivisions to be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision.

The year-end balances of deposits are as follows:

	Bank Balances	Reported Amounts
Cash	\$ 212,749	\$ 203,716

Note 2 - DEPOSITS (Continued)

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has a written policy for custodial credit risk that is similar to state law. As of December 31, 2017, the District's bank balance of \$212,749 was covered by federal deposit insurance and not exposed to credit risk.

Investments:

State statutes authorizes the Board to invest in obligations of the U.S. Treasury, agencies and instrumentalities; guaranteed investment contracts and investment grade (A-1/P-1) commercial paper of domestic corporations; repurchase agreements; and the Louisiana Asset Management Pool (LAMP).

As a means of limiting its exposure to fair value losses arising from interest rates, the District's investment policy emphasized maintaining liquidity to match specific cash flows.

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's investment policy requires the application of the prudent-person rule. This policy states, *investments shall be made with the judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. Primary emphasis shall be placed upon the safety of principal secondly to maintain liquidity to meet operating requirements and finally to obtain the most favorable rate of return.* The District's investment policy limits investments to those discussed earlier in this note. LAMP has a Standard & Poor's Rating of AAAm.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments in external investment pools are not exposed to custodial credit risk because of their natural diversification and the diversification required by the Securities and Exchange Commission.

Note 2 - DEPOSITS (Continued)

LAMP, a local government investment pool, is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2a7, which governs registered money market funds. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed or backed by the U.S. Treasury, The U.S. Government or one of its agencies, enterprises or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. The fair value of investments is determined on a weekly basis to monitor any variances between amortized cost and fair value. For purposes of determining participants' shares, investments are valued at amortized cost. The fair value of participants' position is the same as the value of the pool shares. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. Investments in LAMP as of December 31, 2017, amounted to \$1,266,244 and are considered cash equivalents for reporting purposes.

A reconciliation of deposits and investments to the financial statements as of December 31, 2017 is as follows:

Deposits	\$ 203,716
Investments	<u>1,266,244</u>
 Total cash and cash equivalents	 <u><u>\$ 1,469,960</u></u>

Note 3 - PROPERTY TAXES

Property taxes are levied each November 1 on the assessed value listed as of the prior January 1 for all real property, merchandise and movable property located in the Parish. Assessed values are established by the Terrebonne Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A reevaluation of all property is required to be completed no less than every four years. The last reevaluation was completed for the list of January 1, 2016. Taxes are due and payable December 31 with interest being charged on payments after January 1. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which the taxes have not been paid are sold for the amount of the taxes. The tax rate for the year ended December 31, 2017 was \$15.00 per \$1,000 of assessed valuation on property within Recreation District No. 9 for the purpose of maintaining and operating recreational facilities within the District. As indicated in Note 1c, taxes levied November 1, 2017 are for budgeted expenditures in 2018 and will be recognized as revenues in 2018.

Note 4 - DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units as of December 31, 2017 consisted of the following:

State of Louisiana		
Federal - FEMA grant	\$	59,023
State revenue sharing		16,557
Terrebonne Parish Tax Collector - December 2017 collections remitted to the District in January 2018:		
Ad valorem taxes		352,104
State revenue sharing		8,279
Total	\$	435,963

Note 5 - CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017 was as follows:

	Balance January 1, 2017	Additions	Deletions	Balance December 31, 2017
Capital assets not being depreciated:				
Land	\$ 111,208			\$ 111,208
Construction in progress	20,362	\$ 75,837	\$ (88,402)	7,797
Total capital assets not being depreciated	<u>131,570</u>	<u>75,837</u>	<u>(88,402)</u>	<u>119,005</u>
Capital assets being depreciated:				
Buildings and improvements	2,971,002	195,430	-	3,166,432
Machinery and equipment	518,555	-	(2,964)	515,591
Office furniture, fixtures, and equipment	21,060	-	-	21,060
Total capital assets being depreciated	<u>3,510,617</u>	<u>195,430</u>	<u>(2,964)</u>	<u>3,703,083</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,228,067)	(106,464)	-	(1,334,531)
Machinery and equipment	(322,097)	(24,709)	2,964	(343,842)
Office furniture, fixtures and equipment	(10,349)	(1,290)	-	(11,639)
Total accumulated depreciation	<u>(1,560,513)</u>	<u>(132,463)</u>	<u>2,964</u>	<u>(1,690,012)</u>
Total capital assets being depreciated, net	<u>1,950,104</u>	<u>62,967</u>	<u>-</u>	<u>2,013,071</u>
Total capital assets, net	<u>\$ 2,081,674</u>	<u>\$ 138,804</u>	<u>\$ (88,402)</u>	<u>\$ 2,132,076</u>

Depreciation amounting to \$132,463 was recorded as cultural and recreation expenses for the year ended December 31, 2017.

Construction in progress consists of survey and map fees associated with the purchase of neighboring property. During the September 12, 2017 meeting, the Board authorized the purchase of property at a cost of \$205,000 with the District agreeing to pay the closing costs and survey fees.

Note 6 - RISK MANAGEMENT

The District is exposed to various risks of loss related to workers' compensation; torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance and also participates in the Parish's risk management program for general liability and workers' compensation. No settlements were made during the year that exceeded the District's insurance coverage. The District's premiums for general liability are based on various factors such as operations and maintenance budget, exposure and claims experience. The premiums for workers' compensation are based on a fixed percentage of payroll. The Parish handles all claims in excess of the Parish's insurance contracts as described below:

Policy	Coverage Limits
General Liability	\$10,000,000
Workers' Compensation	Statutory

Coverage for general liability claims in excess of the above stated limits are to be funded first by assets of the Parish's risk management internal service fund, \$5,208,857 as of December 31, 2016, then secondly by the District. Workers' compensation claims in excess of \$550,000 are covered under an insurance contract for claims aggregate up to limits are to be funded first by assets of the Parish's workers' compensation internal service fund. As of December 31, 2017, the District had no claims in excess of the above coverage limits. Expenditures for premiums to the Parish for insurance coverages during the year ended December 31, 2017 totaled \$26,922.

Note 7 - ACCOUNTS PAYABLE AND ACCRUED EXPENDITURES

Accounts payable and accrued expenditures as of December 31, 2017 consisted of the following:

Vendors	\$ 6,904
Terrebonne Parish Consolidated Government	1,319
Total	\$ 8,223

Note 8 - COMPENSATION OF BOARD MEMBERS

The following amounts were paid to board members for the year ended December 31, 2017:

<u>Board Members</u>	<u>Number of Meetings Attended</u>	<u>Per Diem</u>
Baylis "Buster" Bergeron	9	\$ 225
Janelle Bonvillain	12	300
Robert Lejaunie	13	300
Trey Lottinger	11	275
Willie St. Pierre	11	<u>275</u>
Total		<u>\$ 1,375</u>

Note 9 - SUBSEQUENT EVENTS

Management evaluates events occurring subsequent to the date of financial statements in determining the accounting for and disclosure of transactions and events that effect the financial statements. Subsequent events have been evaluated through April 18, 2018, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

**SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER
PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER**

Terrebonne Parish Recreation District No. 9

December 31, 2017

Agency Head Name: John Haston, Sr.

Purpose	Amount
Salary	\$ 46,549
Benefits - insurance	16,976
Benefits - retirement	-
Benefits - other	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-
	<u>\$ 63,525</u>

Note: John Haston, Sr. is the Director for the District and functions as Chief Executive Officer.

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

**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**

To the Board of Commissioners,
Terrebonne Parish Recreation District No. 9,
Houma, 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 the General Fund of Terrebonne Parish Recreation District No. 9 (the District) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise District's financial statements and have issued our report thereon dated April 18, 2018.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting 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 our audit we did not identify any deficiencies in internal control that we consider to be a material weakness. 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
April 18, 2018.

SCHEDULE OF FINDINGS AND RESPONSES

Terrebonne Parish Recreation District No. 9

For the year ended December 31, 2017

Section I Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency (ies) identified that are not
 considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

b) Federal Awards

Terrebonne Parish Recreation District No. 9 did not expend federal awards in excess of \$750,000 during the year ended December 31, 2017 and therefore is exempt from the audit requirements under the *Uniform Guidance*.

Section II Financial Statement Findings

No financial statement findings were noted during the audit for the year ended December 31, 2017.

Section III Federal Award Findings and Questioned Costs

Not applicable.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

Terrebonne Parish Recreation District No. 9

For the year ended December 31, 2017

Section I Internal Control and Compliance Material to the Financial Statements

Internal Control

No material weaknesses were reported during the audit for the year ended December 31, 2016. No significant deficiencies were reported during the audit for the year ended December 31, 2016.

Compliance

No compliance findings material to the financial statements were noted during the audit for the year ended December 31, 2016.

Section II Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Recreation District No. 9 did not expend federal awards in excess of \$750,000 during the year ended December 31, 2016 and therefore is exempt from the audit requirements under the *Uniform Guidance*.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 2016.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Terrebonne Parish Recreation District No. 9

For the year ended December 31, 2017

Section I Internal Control and Compliance Material to the Financial Statements

Internal Control

No material weaknesses were reported during the audit for the year ended December 31, 2017.

No significant deficiencies were reported during the audit for the year ended December 31, 2017.

Compliance

No compliance findings material to the financial statements were noted during the audit for the year ended December 31, 2017.

Section II Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Recreation District No. 9 did not expend federal awards in excess of \$750,000 during the year ended December 31, 2017 and therefore is exempt from the audit requirements under the *Uniform Guidance*.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 2017.

AGREED-UPON PROCEDURES

INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners,
Terrebonne Parish Recreation District No. 9,
Houma, Louisiana.

We have performed the procedures described in Schedule 2, which were agreed to by Terrebonne Parish Recreation District No. 9, State of Louisiana (the District) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the year ended December 31, 2017. The District's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with the attestation standards established by the Association of International Certified Professional Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures referred to above, either for the purpose for which this report has been requested, or for any other purpose.

The procedures and associated findings are described in Schedule 2.

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

The purpose of this report is 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 23:513, this report is distributed by the LLA as a public document.

Bourgeois Bennett, L.L.C.

Certified Public Accountants

Houma, Louisiana,
April 18, 2018.

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

Terrebonne Parish Recreation District No. 9

For the year ended December 31, 2017

The required procedures and our findings are as follows:

Procedures performed on the District's written policies and procedures:

1. Obtain the District's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the District does not have any written policies and procedures), as applicable:
 - a) Budgeting, including preparing, adopting, monitoring, and amending the budget.
Performance: Obtained and read the written policy for budgeting, and found it to contain all requirements listed above.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.
 - b) Purchasing, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
Performance: Obtained and read the written policy for purchasing, and found it contained all requirements listed above, except as noted below.
Exceptions: Management's policy on purchasing does not include a provision discussing the preparation and approval process of purchase requisitions and purchase orders.
Management's response: Management will consider adding a provision discussing how the preparation and approval process of purchase requisitions and purchase orders.
 - c) Disbursements, including processing, reviewing, and approving.
Performance: Obtained and read the written policy for disbursements, and found it to contain all requirements listed above.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.
 - d) Receipts, including receiving, recording, and preparing deposits.
Performance: Obtained and read the written policy for receipts, and found it to contain all requirements listed above.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

Procedures performed on the District's written policies and procedures: (Continued)

- e) Payroll/Personnel, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
Performance: Obtained and read the written policy for payroll/personnel, and found it to contain all requirements listed above.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

- f) Contracting, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process; and (5) monitoring process.
Performance: Obtained and read written policy for contracting, and found it to contain all requirements listed above, except as noted below.
Exceptions: Management's policy on contracting does not include a provision discussing the standard terms and conditions for contracts and legal review.
Management's response: Management will consider adding a provision discussing the standard terms and conditions for contracts and legal review.

- g) Credit Cards (and debit cards, fuel cards, P-Cards, if applicable), including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers; and (5) monitoring card usage.
Performance: Obtained and read the written policy for credit cards, and found it to contain all requirements listed above, except as noted below.
Exceptions: Management's policy on credit cards does not include a provision discussing how cards are to be controlled.
Management's response: Management will consider adding a provision discussing how cards are to be controlled.

- h) Travel and expense reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements; and (4) required approvers.
Performance: Obtained and read the travel and expense reimbursement policy, and found it to contain all requirements listed above, except as noted below.
Exceptions: Management's policy on travel and expense reimbursements does not include dollar thresholds for all categories of expense.
Management's response: Management will consider adding dollar thresholds for all categories of expense.

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

Procedures performed on the District's written policies and procedures: (Continued)

Performance: Obtained and read the written policy for ethics, and found it to contain all requirements listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the District's board:

2. Obtain and review the board/committee minutes for the fiscal period, and:

a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

Performance: Obtained and read the written minutes of board meetings, as well as advertising for board meetings in the local newspaper.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

Performance: Inspected meeting minutes and the included budget-to-actual comparisons for the General Fund presented to the District's board.

Exceptions: The meeting minutes reference the financial report, which includes the yearly budget comparison statement. The monthly financial report, including budget-to-actual comparisons, are presented at the board of directors meeting. Budget-to-actual comparisons were not included in the meeting minutes for January, February, and November.

Management's response: Management will ensure that budget-to-actual comparisons are included in the meeting packets given to the board members and referenced in the minutes.

1) If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

Performance: Inspected the board's meeting minutes and budget-to-actual comparisons to note any deficit spending and/or deficit fund balances. No deficit spending and/or deficit fund balances shown in budget-to-actual comparisons.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the District's board: (Continued)

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

Performance: Inspected the board's meeting minutes for the fiscal year and noted non-budgetary financial information in the form of approvals of contracts and disbursements.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the District's bank reconciliations:

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

Performance: Obtained the listing of bank accounts from management, and received management's representation in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

4. Using the listing provided by management, select all of the District's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

Performance: Selected all four of the District's bank accounts. Inspected management's documentation for accuracy of bank reconciliations.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

Performance: Inspected documentation for management approvals of each bank reconciliation. The Board Chairwoman approves all bank reconciliations.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Procedures performed on the District's bank reconciliations: (Continued)

Performance: Inspected documents for items outstanding for more than 6 months. We noted no checks outstanding for longer than 6 months as of the end of the fiscal period.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the District's collections:

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

Performance: Observed the listing of cash/check/money order (cash) collection locations from management and received management's representation in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

6. Using the listing provided by management, select all of the District's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations).

For each cash collection location selected:

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party); and (3) not required to share the same cash register or drawer with another employee.

Performance: Inspected policy manuals, and inquired of client as to all of the requirements.

Exceptions: The two individuals responsible for collections are not bonded. One individual responsible for collections can also deposit cash in the absence of the director. Concession workers share the same cash drawer.

Management's response: Management will consider bonding all employees responsible for collections. Also, management will make an effort to limit the use of the cash drawer to one employee.

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

Procedures performed on the District's collections: (Continued)

Performance: Inspected policy manual, as well as inquiries of management to ensure separation of duties.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- 1) Using District collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

Performance: Because the highest dollar week of cash collections will be the week that ad valorem taxes are received, our test population was based across all revenue accounts, and all months throughout the year. We selected a sample of 25 cash receipt transactions.

Exceptions: In four instances, cash was not deposited within one day of receipt. In one case, there were 41 days between the receipt and the deposit. In thirteen instances, collection documentation was not available to determine the number of days from receipt to deposit.

Management's response: Management will begin to adhere strictly to the policy to deposit all receipts within one day of their actual receipt.

- 2) Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

Performance: Inspected the journal of cash receipts, internal deposit summaries and deposit slips from the bank.

Exceptions: As noted in the prior exception, in several instances, collection documentation was not available to determine the number of days from receipt to deposit. Also, there were several instances where copies of checks and deposit count sheets were not maintained as documentation for deposits.

Management's response: Management will consider attaching copies of checks with date received and/or receipts to deposit slips.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the District has a process specifically defined (identified as such by the District) to determine completeness of all collections, including electronic transfers, for each revenue source and 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) by a person who is not responsible for collections.

Procedures performed on the District's collections: (Continued)

Performance: Inspected policy and inquired of management as to separation of duties.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

Procedures performed on the District's general disbursements (excluding credit card, debit card, fuel card, P-card purchases or payments):

8. Obtain a listing of District disbursements from management or, alternately, obtain the general ledger and sort/filter for District disbursements. Obtain management's representation that the listing or general ledger population is complete.

Performance: Obtained the completed general ledger for the fiscal period and obtained management's representations in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

9. Using the disbursement population from #8 above, select 25 disbursements (or select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

Performance: For audit efficiency purposes, selected 25 disbursements exceeding \$1,500 each. Requested requisitions, purchase orders, and related invoices, as well as inquiries of the client.

Exceptions: Through investigation of the District's written policy, and inquires of the client, it was noted that the District does not have a formal purchase requisition/purchase order system. The Facility Director has the authority to initiate purchases less than \$5,000 with all purchases being approved by the Board of Directors. Purchases over \$5,000, and up to \$30,000, require at least three written or facsimile bids/quotes be received if possible and approved by the Board of Directors. A purchase may be initiated by the Office/Programs Manager and Concessions Manager.

Management's response: Management will consider using a formal, written purchase order/requisition system.

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

Procedures performed on the District's general disbursements (excluding credit card, debit card, fuel card, P-card purchases or payments): (Continued)

Performance: For audit efficiency purposes, selected 25 disbursements over \$1,500 each. Requested requisitions, purchase orders, and related invoices, as well as inquiries of the client.

Exceptions: The District lacks documentation of approval prior to making the purchases.

Management's response: Management will consider using a formal, written purchase order/requisition system and documenting proper approvals.

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

Performance: For audit efficiency purposes, selected 25 disbursements in excess of \$1,500 each. Requested requisitions, purchase orders, and related invoices, as well as inquiries of the client.

Exceptions: Except for approval of invoices and signature of checks, the District lacks documentation of receipt of goods and services.

Management's response: Management will consider documenting the receipt of goods or services through receiving reports, packing slips, or other documentation.

10. Using District documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the District's purchasing/disbursement system.

Performance: Inspected procedures and inquired of management as to separation of duties.

Exceptions: The contracted accountant, or someone on her staff, is responsible for adding vendors to the system, as well as processing payments.

Management's response: Management will consider limiting the addition of new vendors to persons not responsible for processing payments.

11. Using District documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

Performance: Inspected policy as well as confirmed with documentation who is responsible for signing checks and making the final authorization. Purchases can be initiated by anyone within the District, but require board approval before payment. Although the Secretary/Treasurer (contracted accountant) is responsible for recording purchases and has signatory authority, it was noted that all checks must be signed by a board member as well.

Exceptions: There were no exceptions were noted.

Management's response: Not applicable.

Procedures performed on the District's general disbursements (excluding credit card, debit card, fuel card, P-card purchases or payments): (Continued)

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions.

Performance: Inquired of management where the supply of unused checks is held. The unused checks are kept locked in the Secretary/Treasurer's (contracted accountant) office. Although the Secretary/Treasurer has signatory authority, it was noted that all checks must have two signatures.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

Performance: Inquired of management and Secretary/Treasurer (contract accountant) as to whether there is a signature stamp or machine. Per Secretary/Treasurer, she has a signature stamp that is used only with her knowledge and consent. Also, it was noted that all checks must have two signatures and no board member has a signature stamp.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the District's credit cards, debit cards, fuel cards, P-cards:

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

Performance: Obtained the listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) from management and received management's representation in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

15. Using the listing prepared by management, select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

**Procedures performed on the District's credit cards, debit cards, fuel cards, P-cards:
(Continued)**

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

Performance: Obtained all monthly statements for all five active cards and observed for supporting documentation, as well as approvals.

Exceptions: The facility director is responsible for reviewing and approving credit card statements and all transactions on a monthly basis. However, the facility director is also an authorized card holder for Visa, Office Depot, Walmart, and Lowes.

Management's response: Management will consider improving the segregation of duties.

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

Performance: Traced all credit card payments and balances on the credit card statements in order to note if any fees were applied to balances.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the cards selected (i.e. each of the cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:

- 1) An original itemized receipt (i.e., identifies precisely what was purchased)

Performance: Traced each transaction to an original itemized receipt.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- 2) Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

Performance: Observed documentation of the purpose of each transaction.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- 3) Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

Performance: Observed documentation for each transactions and inspected policy for other documentation that may be required. No additional documentation required.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

**Procedures performed on the District's credit cards, debit cards, fuel cards, P-cards:
(Continued)**

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the District's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

Performance: Compared the transaction detail to the written disbursement policy and Louisiana Public Bid Law.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- c) For each transaction, compare the District's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Performance: Inspected all detail transactions and compared them to the requirements of Article 7, Section 14 of the Louisiana Constitution.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the District's travel and expense reimbursements:

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

Performance: Obtained general ledger for travel and related expense reimbursements. No travel related expense reimbursements were noted. Management's representation of the general ledger was confirmed in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

18. Obtain the District's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

Performance: Obtained and read the travel and expense reimbursement policy.

Exceptions: The travel and expense reimbursement policy only contained a rate for meals which exceeded the GSA rate. The travel and expense reimbursement policy did not contain rates for other allowable costs.

Procedures performed on the District's travel and expense reimbursements: (Continued)

Management's response: Management will consider adding dollar thresholds for all categories of expenses that do not exceed the GSA rates.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the District does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

Performance: Inspected all travel expense accounts and inquired of management as to the existence of any travel related expenses. It was noted that no travel related expenditures were incurred.

Exceptions: Not applicable.

Management's response: Not applicable.

- b) Report whether each expense is supported by:

- 1) An original itemized receipt that identifies precisely what was purchased.

Performance: Inspected all travel expense accounts and inquired of management as to the existence of any travel related expenses. It was noted that no travel related expenditures were incurred.

Exceptions: Not applicable.

Management's response: Not applicable.

- 2) Documentation of the business/public purpose.

Performance: Inspected all travel expense accounts and inquired of management as to the existence of any travel related expenses. It was noted that no travel related expenditures were incurred.

Exceptions: Not applicable.

Management's response: Not applicable.

- 3) Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance).

Performance: Inspected all travel expense accounts and inquired of management as to the existence of any travel related expenses. It was noted that no travel related expenditures were incurred.

Exceptions: Not applicable.

Management's response: Not applicable.

Procedures performed on the District's travel and expense reimbursements: (Continued)

- c) Compare the District's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Performance: Inspected all travel expense accounts and inquired of management as to the existence of any travel related expenses. It was noted that no travel related expenditures were incurred.

Exceptions: Not applicable.

Management's response: Not applicable.

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Performance: Inspected all travel expense accounts and inquired of management as to the existence of any travel related expenses. It was noted that no travel related expenditures were incurred.

Exceptions: Not applicable.

Management's response: Not applicable.

Procedures performed on the District's contracts:

- 20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

Performance: Observed the listing of contracts in effect during the fiscal year from management, and received management's representation of completeness in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- 21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period. Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

Performance: Obtained the listing of contract vendors and selected the five contract "vendors" that were paid the most money during the fiscal year. Inspected the written contracts that supports the service arrangements.

Exceptions: We noted that one contract, pool maintenance contract, did not contain the amount paid due to prices varying monthly depending on the time of year.

Procedures performed on the District's contracts: (Continued)

Management's response: Management will consider obtaining an annual sales agreement from the vendor which includes the amount to be paid.

b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

1) If yes, obtain/compare supporting contract documentation to legal requirements and report whether the District complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

Performance: For the contracts subject to Louisiana Public Bid Law, compared contract documentation to legal requirements.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

2) If no, obtain supporting contract documentation and report whether the District solicited quotes as a best practice.

Performance: Inspected contracts and inquired of client as to receipt of any other quotes.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

Performance: Inspected contracts and inquired of client as to any amendments to the contracts.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

Performance: Inspected the invoice and compared to the written contract information.

The invoice and related payment complied with the terms of the contract.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

Performance: Inspected board meeting minutes and confirmed the board approved the contracts requiring board approval.

Procedures performed on the District's contracts: (Continued)

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the District's payroll and personnel:

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Select five employees/officials, obtain their personnel files, and:

Performance: Obtained the listing of employees with their related salaries from management, and received management's representation of completeness in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

Performance: Compared compensation in the salary schedules with payments made to employees during the fiscal year.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

Performance: Inspected personnel files for the selected employees, as well as, inquired of management as to the existence of documentation supporting pay changes. There were no pay changes during the current year.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

Performance: Randomly selected one pay period to test leave taken during that period.

Inspected all daily attendance and leave records for proper documentation.

Exceptions: There were no exceptions noted.

Procedures performed on the District's payroll and personnel: (Continued)

Management's response: Not applicable.

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

Performance: Inspected time sheets for the pay period selected. Employees are required to punch in and out using punch cards. The Office/Programs Manager inputs punch cards into a template and prints out hours on a Payroll Fax Form, the Facility Director approves time of all employees. The Payroll Fax Form is then forwarded to the contracted accountant (Secretary/Treasurer) for processing.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- c) Report whether there is written documentation that the District maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

Performance: Inquired and confirmed that the District maintains written leave records for each employee eligible for paid leave.

Exceptions: The written leave records document the date used, but not the hours earned, hours used or balance available.

Management's response: Management will consider including hours earned, hours used and balance available on written leave records.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

Performance: Inquired of management of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. No regular employees have been terminated during the fiscal period.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

Performance: Inspected payroll reporting forms to confirm that all payments were submitted to the applicable agencies by the required deadlines.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the District's ethics:

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the District maintained documentation to demonstrate that required ethics training was completed.

Performance: Inspected personnel files and ethics course completion certificates for the five employees tested.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

27. Inquire of management whether any alleged ethics violations were reported to the District during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the District's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Performance: Inquired of management of any ethics violations, none were noted.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Other procedures performed on the District:

28. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the District reported the misappropriation to the Legislative Auditor and the District Attorney of the parish in which the District is domiciled.

Performance: Inquired of management of any misappropriations of public funds or assets, none were noted.

Exceptions: Not applicable.

Management's response: Not applicable.

29. Observe and report whether the District has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

Performance: Inquired about such notice posted on the premises and website.

Exceptions: No such notice observed on the premises or website.

Management's response: Management will post such notice on the premises and website.

30. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

Performance: Inspected all procedures, and the results of such procedures and compared them to management's representations in a separate letter.

Other procedures performed on the District: (Continued)

Exceptions: There were no exceptions noted.

Management's response: Not applicable.