

***TERREBONNE PARISH RECREATION
DISTRICT NO. 7***

ANNUAL FINANCIAL REPORT

***FOR THE YEAR ENDED
DECEMBER 31, 2018***

TERREBONNE PARISH RECREATION DISTRICT NO. 7
ANNUAL FINANCIAL REPORT
As of and for the Year Ended December 31, 2018

TABLE OF CONTENTS

	<u>Page</u>
MANAGEMENT'S DISCUSSION AND ANALYSIS	1
FINANCIAL SECTION	
Independent Auditor's Report	7
Basic Financial Statements:	
Statement of Net Position	10
Statement of Activities	11
Balance Sheet – Governmental Fund –General Fund	12
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Fund – General Fund	13
Notes to the Financial Statements	14
REQUIRED SUPPLEMENTAL INFORMATION	
Budget Comparison Schedule – General Fund	23
OTHER INFORMATION	
Schedule of Compensation, Benefits and Other Payments to Agency Head	24
REPORTS REQUIRED ACCORDING TO GOVERNMENT AUDITING STANDARDS	
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	25

TERREBONNE PARISH RECREATION DISTRICT NO. 7
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2018

This discussion and analysis of the Terrebonne Parish Recreation District No. 7 (the District)'s financial performance provides a narrative overview of the financial activities as of and for the fiscal year ended December 31, 2018. Please read it in conjunction with the basic financial statements and the accompanying notes to the financial statements.

FINANCIAL HIGHLIGHTS

Our financial statements provide these insights into the results of this year's operations:

- The net assets increased by 3% because of this year's operations. Net assets of our governmental activities increased by \$63,780. At the end of the year assets exceeded liabilities by \$2,510,374 (net position).
- During the year, expenses for recreational programs and facility upkeep were \$592,383, an increase from the prior year of over \$4,500 or 1%. Revenues generated from these programs were \$46,108, a slight increase from the prior year. General revenues were \$610,055.
- The governmental funds ended the year with a total fund balance of \$1,624,084 – of that \$900,000 (\$600,000 for capital reserve and \$300,000 for new property purchase) was committed by the Board for in the next year's budget and all of the remaining is considered unassigned.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (Government-Wide Financial Statements) provide information about the governmental activities as a whole and present a longer-term view of the finances. The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds (Fund Financial Statements) tell how services were financed in the short term as well as what remains for future spending. Fund financial statements also report the operations in more detail than the government-wide statements by providing information about the most significant funds.

Our auditor has provided assurance in his independent auditor's report that the basic financial statements are fairly stated. The auditor, regarding the Required Supplemental Information and the Other Supplemental Information is providing varying degrees of assurance. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Annual Report.

TERREBONNE PARISH RECREATION DISTRICT NO. 7
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2018

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the finances, in a manner like a private-sector business.

The statement of net position presents information on all the assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as an indicator of whether the financial position is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent 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.

Both government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues, governmental activities, from other functions that are intended to recover all or a significant portion of their costs through user fees and charges, business-type activities.

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds—not as a whole. Some funds are required to be established by State laws.

The District utilizes the governmental type of fund with the following accounting approach. Most of the basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation at the bottom of the fund financial statements.

TERREBONNE PARISH RECREATION DISTRICT NO. 7
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS (GWFS)

Net assets may serve over time as a useful indicator of the financial position. The net assets increased by 3% because of this year's operations. A large portion of the net assets (35%) is invested in capital assets, and consequently, these assets are not available for future spending. Unrestricted net assets—the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements—increased during this year by 2%. The balance in net assets represents the accumulated results of all past years' operations.

Our analysis below focuses on the net assets and changes in net assets of the governmental-type activities.

Condensed Statement of Net Position			Increase (Decrease)	Percent Change
	2017	2018		
Current and Other Assets	\$2,170,876	\$2,253,198	\$ 82,322	4.1%
Capital Assets	860,713	886,290	25,577	3.0%
Total Assets	3,031,589	3,139,488	107,899	3.8%
Liabilities	110,631	31,859	(78,772)	>100%
Deferred Inflows	474,364	597,255	122,891	25.9%
Net Invested in Capital Assets	860,713	886,290	25,577	3.0%
Unrestricted	1,585,881	1,624,084	38,203	2.4%
Total Net Position	\$ 2,446,594	\$ 2,510,374	\$ 64,780	2.6%

Net position of governmental activities increased by \$64,780 or 2.6%.

Net program income (deficit) decreased by \$4,803 or 1%. General revenues decreased by over \$58,000.

Key elements of this increase are as follows:

Condensed Statement of Activities			Increase (Decrease)	Percent Change
	2017	2018		
Total program expenses	\$(587,580)	\$(592,383)	\$ 4,803	0.8%
Total program revenues	36,606	46,108	9,502	26.0%
Net program income	(550,974)	(546,275)	4,699	-0.9%
General revenues	668,623	610,055	(58,568)	-8.8%
Change in Net Position	117,649	63,780	(53,869)	-45.6%

TERREBONNE PARISH RECREATION DISTRICT NO. 7
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2018

Net Position:

Beginning of the year, restated	2,328,945	2,446,594	117,649	4.8%
End of the year	<u>\$2,446,594</u>	<u>\$2,510,374</u>	<u>\$ 64,780</u>	2.6%

FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS (FFS)

The District uses funds to help it control and manage money for particular purposes. Looking at individual funds helps you consider whether the District is being accountable for the resources provided to it but may also give you more insight into the overall financial health. Such information is useful in assessing the financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund reported an ending fund balance of \$1,624,084 of which \$600,000 is committed by the Board for capital projects and the rest is unassigned. This reflects an increase of \$38,203 or 2% from the prior year.

Total revenues for governmental funds were \$656,163, a slight decrease from the prior year. Current expenditures for recreation activities were \$525,401, an increase of 1% from the prior year most substantially in personal services, material and supplies, insurance, and building repair and maintenance. Capital outlay equaled \$92,559.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget for the General Fund was not revised during the year. All budget variances were in compliance with the Local Government Budget Act.

CAPITAL ASSETS

A summary of capital assets follows:

	12/31/2018	12/31/2017
NON-DEPRECIABLE ASSETS		
Land	\$ 303,719	\$ 303,719
Construction in Progress	<u>7,799</u>	<u>21,242</u>
	311,518	324,962
DEPRECIABLE ASSETS:		
Buildings & Improvements	1,528,687	1,432,708
Furniture	9,559	9,559
Equipment	<u>243,529</u>	<u>241,704</u>

TERREBONNE PARISH RECREATION DISTRICT NO. 7
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2018

Total Cost of depreciable assets	1,781,775	1,683,971
Total Cost of assets	2,093,293	2,008,933
ACCUMULATED DEPRECIATION		
Buildings & Improvements	994,845	955,627
Furniture	8,509	8,115
Equipment	203,649	184,477
Total accumulated depreciation	1,207,003	1,148,219
Net depreciable assets	\$ 574,771	\$ 535,752
Net capital assets	<u>\$ 886,290</u>	<u>\$ 860,713</u>

Capital assets, net of accumulated depreciation increased by \$60,957. This year there were \$123,074 of additions, including \$30,515 transferred from construction in progress to capital assets and \$8,200 disposals. Depreciation of \$66,984 was recorded on capital assets in the governmental activities. More detailed information about the capital assets is presented in Note 4 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Highlights of next year's General Fund budget include:

Condensed Summary of Budgeted Finances	
	2019
Anticipated revenues	\$615,000
Expenditures:	
Current	508,925
Capital outlay	1,115,000
Anticipated expenditures	1,623,925
Excess of revenues	(1,008,925)
Fund Balance:	
Beginning of the year	1,668,098
End of the year	<u>\$259,173</u>

The Board has committed \$900,000 (\$600,000 for capital reserve and \$300,000 for new property purchase) of the fund balance for capital purchases.

TERREBONNE PARISH RECREATION DISTRICT NO. 7
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2018

CONTACTING FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances and to show accountability for the money it received. If you have questions about this report or need additional financial information, contact:

Mr. Donald Tivet, Chairman
PO Box 190
Chauvin LA 70344
Phone number 985-594-2020

FINANCIAL SECTION



STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

To the Commissioners of
Terrebonne Parish Recreation District No. 7
Houma, LA

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Terrebonne Parish Recreation District No. 7 (the District), a component unit of Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 2018, and the notes to the financial statements, which collectively comprise the 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 an opinion on these basic 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 Statements*, 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 basic financial statements are free of material misstatement.

An audit includes performing procedures to obtain audit evidence supporting 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluation 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 each major fund as of December 31, 2018 and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Required Supplementary Information

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

We do not express an opinion or provide any assurance on the 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 basic financial statements. The Schedule of Compensation, Benefits and Other Payments to Agency Head are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

These schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation, Benefits and Other Payments to Agency Head are 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 a report dated May 28, 2019, on our consideration of the internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 internal control over financial reporting and compliance.

Stagni & Company

Thibodaux, Louisiana
May 28, 2019



TERREBONNE PARISH RECREATION DISTRICT NO. 7

Statement of Net Position

December 31, 2018

ASSETS

Cash	\$ 1,693,786
Ad Valorem taxes receivable	246,352
Prepaid insurance	17,976
Due from other governments	294,084
Other	1,000
Capital Assets, net of accumulated depreciation	886,290
TOTAL ASSETS	<u>3,139,488</u>

LIABILITIES, DEFERRED INFLOWS AND NET POSITION

Liabilities-

Accounts payable & accrued liabilities	31,859
--	--------

Deferred Inflows of Resources-

Property taxes - subsequent year	597,255
----------------------------------	---------

Net Position:

Net Invested in capital assets	886,290
Unrestricted	1,624,084
<i>Total Net Position</i>	<u>\$ 2,510,374</u>

See notes to financial statements.

TERREBONNE PARISH RECREATION DISTRICT NO. 7

Statement of Activities - Governmental Activities
For the Year Ended December 31, 2018

	Expenses	Charges for services	Operating Grants	Net (Expense) Revenue
FUNCTIONS/PROGRAMS				
Recreational activities:	\$ 592,383	\$ 25,108	\$ 21,000	\$ (546,275)
Total governmental activities	<u>\$ 592,383</u>	<u>\$ 25,108</u>	<u>\$ 21,000</u>	<u>(546,275)</u>

GENERAL REVENUES

Ad valorem taxes	532,181
State Revenue Sharing	13,663
Interest	931
Miscellaneous	<u>63,280</u>
TOTAL GENERAL REVENUES	<u>610,055</u>

CHANGE IN NET POSITION 63,780

NET POSITION:

Beginning of year, restated	<u>2,446,594</u>
End of year	<u><u>\$ 2,510,374</u></u>

-

See notes to the financial statements.

TERREBONNE PARISH RECREATION DISTRICT NO. 7

Balance Sheet - Governmental Fund - General Fund

December 31, 2018

ASSETS

Cash	\$ 1,693,786
Prepaid Items	17,976
Ad Valorem taxes receivable	246,352
Due from other governments	294,084
Other	1,000
TOTAL ASSETS	<u>\$ 2,253,198</u>

LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE

Liabilities

Accounts payable & accrued liabilities	\$ 31,859
--	-----------

Deferred Inflows of Resources

Property taxes - subsequent period	597,255
------------------------------------	---------

Fund balance

Committed for capital projects	900,000
Unassigned	724,084
<i>Total Fund balance</i>	<u>1,624,084</u>

RECONCILIATION TO STATEMENT OF NET POSITION:

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

Add - Capital Assets-Non Depreciable	311,518	
Add - Capital Assets Depreciable	1,781,775	
Deduct - Accumulated Depreciation	<u>(1,207,003)</u>	886,290

Net assets of governmental activities	<u>\$ 2,510,374</u>
---------------------------------------	---------------------

See notes to financial statements.

TERREBONNE PARISH RECREATION DISTRICT NO. 7

Statement of Revenues, Expenditures, and Changes
in Fund Balances - Governmental Fund - General Fund
For the Year Ended December 31, 2018

REVENUES

Ad Valorem Taxes	\$ 532,181
State Revenue Sharing	13,663
TPCG Day Camp Grant	21,000
Fees & Rentals	25,108
Interest	931
Miscellaneous	63,280
TOTAL REVENUES	<u>656,163</u>

EXPENDITURES***Recreational - current:***

Personal services and benefits	197,128
Supplies & materials	38,630
Other services & charges	157,602
Repairs & Maintenance	132,041
<i>Total recreational - current</i>	<i><u>525,401</u></i>

Capital Outlay92,559**TOTAL EXPENDITURES**617,960**NET CHANGE IN FUND BALANCES**38,203**FUND BALANCES**

Beginning of year	<u>1,585,881</u>
End of year	<u><u>\$1,624,084</u></u>

RECONCILIATION TO THE STATEMENT OF ACTIVITIES:

Net change in fund balances per above \$ 38,203

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.

Add - Capital outlay	92,559	
Miscellaneous adjustment to beginning balance	2	
Deduct - Depreciation expense	<u>(66,984)</u>	25,577

Change in net assets - governmental activities\$ 63,780

See notes to financial statements.

TERREBONNE PARISH RECREATION DISTRICT NO. 7

Notes to the Financial Statements
For the Year Ended December 31, 2018

Terrebonne Parish Recreation District No. 7 (the District) is governed by a Board of Commissioners appointed by the Terrebonne Parish Consolidated Government organized under La. Revised Statute 33:4562 (A). The District provides for the construction, improvement, maintenance, and operations of recreation facilities within the boundaries of Ward 7 of the Parish of Terrebonne, State of Louisiana.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accompanying basic financial statements have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

As the governing authority, the Terrebonne Parish Consolidated Government is the financial reporting entity for Terrebonne Parish. Because the Terrebonne Parish Consolidated Government could by definition in statute be financially burdened by the Terrebonne Parish Recreation District No. 7, the District was determined to be a component unit of the Terrebonne Parish Consolidated Government. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the Terrebonne Parish Consolidated Government, the general government services provided by that governmental unit, or the other governmental reporting entity.

The accompanying financial statements will be included in the comprehensive annual financial report (CAFR) of the Parish for the year ending December 31, 2018.

C. Fund Accounting

The accounting system is organized and operated on a fund basis whereby a separate self-balancing set of accounts is maintained for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The various funds in the financial statements in this report are as follows:

TERREBONNE PARISH RECREATION DISTRICT NO. 7

Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Governmental Fund Type

Governmental funds account for all or most of the general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid.

The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources that may be used to finance future period programs or operations. The governmental fund is the General Fund. The General Fund is used to account for all financial resources and expenditures except those required to be accounted for in other funds. The General Fund is *always* a major fund.

D. Measurement Focus / Basis of Accounting

Fund Financial Statements (FFS)

The amounts reflected in fund financial statements, are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of operations.

The amounts reflected in the fund financial statements, use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available).

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. Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The court considers all revenues available if they are collected within 60 days after the fiscal year end.

TERREBONNE PARISH RECREATION DISTRICT NO. 7

Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

D. Measurement Focus / Basis of Accounting (continued)

Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

Revenues – Ad valorem taxes and the related state revenue sharing are recorded as revenue in the period for which levied, thus the 2017 property taxes which were levied to finance the 2018 budget are recognized as revenue in 2018. The 2018 tax levy is recorded as deferred revenue in the current 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 or available until actually received.

Expenditures – The major expenditures are recorded when payable or when the fees are incurred.

Government-Wide Financial Statements (GWFS)

The government-wide financial statements display information as a whole. These statements include all the financial activities. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed).

Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from non-exchange transactions are recognized in accordance with the requirements of Section N50.

Program Revenues - Program revenues included in the column labeled Statement of Activities are derived directly from users as a fee for services; program revenues reduce the cost of the function to be financed from the general revenues.

TERREBONNE PARISH RECREATION DISTRICT NO. 7

Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

E. 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.

F. Operating Budgets

As required by Louisiana Revised Statutes, The Board of Commissioners adopted a budget for the District's General Fund. The budgetary practices include public notice of the proposed budget and a public hearing on the budget prior of adoption. The Board must approve any amendment involving the transfer of monies from one function to another, or increases in expenditures. The district amended its budget for the year ended December 31, 2018. 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.

G. Cash and Investments

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less.

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States or any other federally insured investments, 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. Investments consist of certificates of deposits which are stated at cost and approximate market value.

H. Receivables

The financial statements for the District contain no allowance for uncollectible accounts. Uncollectible amounts due for ad valorem taxes 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.

TERREBONNE PARISH RECREATION DISTRICT NO. 7

Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

I. Capital Assets

In the government-wide financial statements, additions, improvements and other capital outlays that significantly extend the useful life of an asset are recorded and depreciated (capitalized). Capital assets purchased or acquired are valued at historical cost or estimated if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. Other costs incurred for repairs and maintenance is 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 Assets. All capital assets, other than land, are depreciated using the straight-line method over the following estimated useful lives:

CATEGORY	LIFE
BUILDINGS AND IMPROVEMENTS	5-40 YEARS
IMPROVEMENTS, OTHER THAN BUILDINGS	20 YEARS
EQUIPMENT & FURNITURE	5-15 YEARS
MACHINERY & EQUIPMENT	5-20 YEARS

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

J. Vacation and Sick Leave

Accumulated vacation, sick, and personal leave are recorded as expenditures of the period in which paid. Employees earn 80 hours of vacation leave, 64 hours of sick leave and 16 hours of personal leave per year. Unused leave cannot be carried forward to future years. There is no material unpaid leave at year-end.

TERREBONNE PARISH RECREATION DISTRICT NO. 7

Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

K. Fund Equity

For government-wide financial statements net assets are classified and displayed in three components:

- *Invested 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.
- *Restricted net assets* – Consists of net assets 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.
- *Unrestricted net assets* – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

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.

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balance is further classified as *non-spendable*, *restricted*, *committed*, *assigned*, or *unassigned*.

- *Non-spendable* fund balance cannot be spent because of its form.
- *Restricted* fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions.
- *Committed* fund balance is a limitation imposed by the Board through approval in minutes.
- *Assigned* fund balances is a limitation imposed by a designee of the Board.
- *Unassigned* fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories. Negative unassigned fund balance in other governmental funds represents excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes.

TERREBONNE PARISH RECREATION DISTRICT NO. 7

Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 DEPOSITS

Deposits:

A summary of deposits are listed as follows:

	Bank Balance	Reported Amount
Cash	\$1,717,203	\$1,693,786

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 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. Under the provision of GASB, pledged securities, which are not in the name of the governmental unit, are considered uncollateralized.

Custodial credit risk is the risk that in the event of a bank failure, deposits may not be returned to it. The District has a written policy for custodial credit risk. As of year-end \$1,465,649 of the bank balance of deposits was exposed to custodial credit risk. These deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name. At year-end the deposits were adequately collateralized by securities held by unaffiliated banks for the account of the District.

The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities subject to custodial credit risk. Even though the pledged securities are considered subject to custodial credit risk under the provisions of GASB Statement 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

TERREBONNE PARISH RECREATION DISTRICT NO. 7

Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 3 AD VALOREM 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 revenue from ad valorem tax collections in the current year was 9.5 mills of assessed valuation on property within the District for the purpose of constructing, maintaining and operating recreation facilities.

Taxes levied November 2018 are for budgeted expenditures in 2019 and will be recognized as revenues in 2019.

Note 4 CAPITAL ASSETS

Information about capital assets and depreciation for the year are summarized as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
NON-DEPRECIABLE ASSETS				
Land	\$ 303,719	\$ -	\$ -	\$ 303,719
Construction in Progress	21,242	17,070	(30,515)	7,779
	324,961	17,070	(30,515)	311,518
DEPRECIABLE ASSETS:				
Buildings & Improvements	1,432,708	104,179	(8,200)	1,528,687
Equipment & Furniture	9,559	-	-	9,559
Machinery & Equipment	241,704	1,825	-	243,529
Total Cost of depreciable assets	1,683,971	106,004	(8,200)	1,781,775
Total Cost of assets	2,008,933	123,074	(38,715)	2,093,293

TERREBONNE PARISH RECREATION DISTRICT NO. 7

Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 4

CAPITAL ASSETS (continued)

	Beginning Balance	Additions	Deletions	Ending Balance
ACCUMULATED DEPRECIATION				
Buildings & Improvements	955,626	47,418	(8,200)	994,845
Equipment & Furniture	8,115	394	-	8,509
Machinery & Equipment	184,477	19,172	-	203,649
Total accumulated depreciation	1,148,219	66,984	(8,200)	1,207,003
Net depreciable assets	<u>\$535,752</u>			<u>\$574,771</u>
Net capital assets	<u>\$860,713</u>			<u>\$886,290</u>

Depreciation Expense of \$66,984 was recorded in the governmental activities.

Note 5 RISK MANAGEMENT

The District is exposed to various risks of loss related to workmen's compensation; torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters and group health benefits for which the District carries commercial insurance and also participates in the Parish's risk management program for general liability and workers' compensation and group health, property. The premiums for workers' compensation are based on a fixed percentage of payrolls. The premiums for group health insurance are based on a fixed rate per employee. The District's premiums for general liability are based on various factors such as its operations and maintenance budget, exposure and claims experience. The Parish handles all claims filed against the District for which it has insurance coverage under the Parish. No settlements were made during the year that exceeded the District's insurance coverage.

Note 6 COMPENSATION OF BOARD MEMBERS

There were no payments to Board Members for the year.

***REQUIRED SUPPLEMENTAL
INFORMATION***

TERREBONNE PARISH RECREATION DISTRICT NO. 7Budget Comparison Schedule - General Fund
For the Year Ended December 31, 2018

	Budgets			Variance
	Original	Final (not amended)	Actual	Favorable
				(Unfavorable)
REVENUES				
Ad Valorem Taxes	\$560,000	\$560,000	\$532,181	\$ (27,819)
State Revenue Sharing	4,800	4,800	13,663	
TPCG Day Camp Grant	12,000	12,000	21,000	9,000
Fees & Rentals	22,500	22,500	25,108	2,608
Interest	1,000	1,000	931	(69)
Miscellaneous	5,000	5,000	63,280	58,280
TOTAL REVENUES	<u>605,300</u>	<u>605,300</u>	<u>656,163</u>	<u>42,000</u>
EXPENDITURES				
Recreational - current:				
Personal services and benefits	249,525	249,525	197,128	52,397
Supplies & materials	30,500	30,500	38,630	(8,130)
Other services & charges	144,100	144,100	157,602	(13,502)
Repairs & Maintenance	75,000	75,000	132,041	(57,041)
Total recreational - current	<u>499,125</u>	<u>499,125</u>	<u>525,401</u>	<u>(26,276)</u>
Capital expenditures	685,000	685,000	92,559	592,441
TOTAL EXPENDITURES	<u>1,184,125</u>	<u>1,184,125</u>	<u>617,960</u>	<u>566,165</u>
NET CHANGE IN FUND BALANCES	(578,825)	(578,825)	38,203	617,028
FUND BALANCES				
Beginning of year	1,585,881	1,585,881	1,585,881	-
End of year	<u>\$ 1,007,056</u>	<u>\$ 1,007,056</u>	<u>\$ 1,624,084</u>	<u>\$ 617,028</u>

OTHER INFORMATION

TERREBONNE PARISH RECREATION DISTRICT NO. 7
Schedule of Compensation, Benefits and Other Payments to Agency Head
For the Year Ended December 31, 2018

Agency Head Name: Belinda Prosperie, Director

Purpose	Amount
Salary (from W-2)	\$ 49,678
Benefits-insurance	\$ 4,317
Benefits-retirement	\$ -
Deferred compensation (contributions made by the agency)	\$ -
Benefits-other (describe)	\$ -
Car allowance	\$ -
Vehicle provided by government (enter amount reported on W-2 adjusted for various fiscal years)	\$ -
Cell phone	\$ -
Dues	\$ -
Vehicle rental	\$ -
Per diem	\$ -
Reimbursements	\$ 255
Travel	\$ -
Registration fees	\$ -
Conference travel	\$ -
Housing	\$ -
Unvouchered expenses (example: travel advances, etc.)	\$ -
Special meals	\$ -
Other (including payments made by other parties on behalf of the agency head)	\$ -

This form is used to satisfy the reporting requirement of R.S. 24:513(A)(3) on Supplemental Reporting

***REPORTS REQUIRED BY GOVERNMENT
AUDITING STANDARDS***



STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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 of
Terrebonne Parish Recreation District No. 7
Houma, LA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Terrebonne Parish Recreation District No. 7, a component unit of Terrebonne Parish Consolidated Government as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents and have issued our report thereon dated May 28, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 misstatements on a timely basis. A *material weakness* is a deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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 over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Stagni & Company

Thibodaux, LA
May 28, 2019



**TERREBONNE PARISH
RECREATION DISTRICT 7
Statewide Agreed Upon
Procedures Report
With Schedule of Findings
and Management's Responses**

***As of and for the Year Ending
December 31, 2018***



STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

AGREED-UPON PROCEDURES REPORT

Terrebonne Parish Recreation District No. 7

Independent Accountant's Report
On Applying Agreed-Upon Procedures

For the Period January 1, 2018 – December 31, 2018

To the Board Members of the
Terrebonne Parish Recreation District No. 7 and
Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Terrebonne Parish Recreation District No. 7 (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 fiscal period January 1, 2018 through December 31, 2018. 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 attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated results are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
 - 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.
 - c) **Disbursements**, including processing, reviewing, and approving

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- 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
- 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 of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- 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.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Results: *The policies of the District address all of the applicable functions listed, with the following exceptions.*

- 1(b) *The policy for purchasing does not address the preparation and approval process.*
- 1(f) *The policy for contracting does not address legal review.*

Management's Response:

- *Purchasing Policy - 1(b) - The District does not use a formal purchase order or requisition system, and is not considered necessary due to the small size of the entity.*
- *Contracting Policy – 1(f) – The District will consider revising its policy to reflect the legal review process.*

Board or Finance Committee

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund



STAGNI & COMPANY, LLC

and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.

Results: *The District board met monthly. The meeting minutes indicate that board members were provided with current financial statements including budget-to-actual comparisons.*

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

Results: *These procedures are not applicable.*

Bank Reconciliations

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

Results: *A listing of bank accounts for the fiscal period was provided along with bank reconciliations and statements provided for December 2018. One of the 2 reconciliations were prepared within 2 months of the related statement closing date and neither had evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks reviewed each bank reconciliation. There were no outstanding items for more than 12 months from the statement closing date.*

Managements Response: *The accountant for the Board reconciles all bank reconciliations. In the future, a member of the Board will sign off as reviewing each bank reconciliation. All outstanding items over 6 months will be researched and documented as to its disposition.*

Collections

- 4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- 5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies



STAGNI & COMPANY, LLC

and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
- a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
 - e) Trace the actual deposit per the bank statement to the general ledger.

Results: *The District did not have exceptions in this category in Year 1 (December 31, 2017), therefore was excluded from testing in Year 2 (December 31, 2018).*

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

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire



of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
- a) Observe that the disbursement matched the related original invoice/billing statement.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Results: *The District did not have exceptions in this category in Year 1 (December 31, 2017), therefore was excluded from testing in Year 2 (December 31, 2018).*

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

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, 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.
12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.])
 - b) Observe that finance charges and late fees were not assessed on the selected statements.

Results: *We obtained from management a credit card listing and management's representation that the listing is complete. The monthly statements were reviewed and approved by the card holder. No finance charges or late fees were assessed on the selected statements.*



Management's Response: *Someone other than the card user will begin reviewing and approving credit card statements in writing.*

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

Results: *Obtained and observed supporting documentation for each of the transactions tested. All criteria were met without exception.*

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

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: *The District did not have exceptions in this category in Year 1 (December 31, 2017), therefore was excluded from testing in Year 2 (December 31, 2018).*

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.



STAGNI & COMPANY, LLC

- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Results: *These procedures are not applicable.*

Payroll and Personnel

- 16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Results: *We obtained a listing of employees from the general ledger and we obtained management's representation that the listing is complete. Payments appear to have been made in strict accordance to the pay rate structure on the time sheets.*

- 17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

Results: *The exception in Year 1 was based strictly on the wording of the procedure and the District has compensating controls that fully mitigate the underlying control risk therefore this procedure is excluded from testing in Year 2.*

- 18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

Results: *The District did not have exceptions in this category in Year 1 (December 31, 2017), therefore was excluded from testing in Year 2 (December 31, 2018).*



19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Results: *The District did not have exceptions in this category in Year 1 (December 31, 2017), therefore was excluded from testing in Year 2 (December 31, 2018).*

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
- Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Results: *Of the 5 randomly selected employees/Board member 3 out of the 5 did not have the required documentation of the completed one hour of ethics training during the fiscal period. None of the selected employees/Board member had documentation attested through signature verification that he or she read the ethics policy during the fiscal period.*

Managements Response: *Per the policy, all employees are required to complete the required ethics training annually. The policy does not address the signature verification needed.*

Debt Service

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

Results: *This procedure is not applicable.*

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

Results: *This procedure is not applicable.*

Other

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



STAGNI & COMPANY, LLC

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results: *The District did not have exceptions in this category in Year 1 (December 31, 2017), therefore was excluded from testing in Year 2 (December 31, 2018).*

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those 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 solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Stagni & Company

Thibodaux, LA
May 28, 2019



STAGNI & COMPANY, LLC
