

*Financial Report*

*Terrebonne Parish Recreation District No. 1*

*Schriever, Louisiana*

*For the year ended December 31, 2018*

***Financial Report***

***Terrebonne Parish Recreation District No. 1***

***Schriever, Louisiana***

***For the year ended December 31, 2018***

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For the year ended December 31, 2018

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## FINANCIAL SECTION

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Commissioners,  
Terrebonne Parish Recreation District No. 1,  
Schriever, Louisiana.

We have audited the accompanying financial statements of the governmental activities and the General Fund of Terrebonne Parish Recreation District No. 1, 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, 2018, 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 respective financial position of the governmental activities and the General Fund of Terrebonne Parish Recreation District No. 1 as of December 31, 2018, 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 District's basic financial statements. The accompanying supplementary information, on page 33, 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 May 31, 2019 on our consideration of the District'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.

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants.

Houma, Louisiana,  
May 31, 2019.



## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **Terrebonne Parish Recreation District No. 1**

The Management's Discussion and Analysis of the Terrebonne Parish Recreation District No. 1's (the "District") financial performance presents a narrative overview and analysis of the District's financial activities for the year ended December 31, 2018. 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 2018 by \$2,713,687 (net position), which represents a 0.17% decrease from last fiscal year.

The District's revenue increased \$69,591 (9.30%) primarily due to the increase in ad valorem tax revenues.

The District's expenses increased by \$10,895 (1.36%) primarily due to increases in culture and recreation expenses.

Capital assets increased by \$277,785 (17.27%). This increase includes purchases of new maintenance tractors and additions of new bleachers at Gray, Oakshire and Schriever Parks.

The District did not have any funds with deficit fund balances.

#### **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 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. All of the funds of the District are governmental funds.

## **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, 2018, assets exceeded liabilities and deferred inflow of resources by \$2,713,687. A large portion of the District's net position (69.50%) reflects its net investment in capital assets (e.g., land; buildings; improvements other than buildings; office furniture, fixtures and equipment; machinery and equipment). Consequently, these assets are not available for future spending.

### **Condensed Statements of Net Position**

	<u>December 31,</u>		<u>Dollar</u>
	<u>2018</u>	<u>2017</u>	<u>Change</u>
Current and other assets	\$ 1,991,296	\$ 1,815,751	\$ 175,545
Capital assets	<u>1,885,992</u>	<u>1,608,207</u>	<u>277,785</u>
Total assets	<u>3,877,288</u>	<u>3,423,958</u>	<u>453,330</u>
Current liabilities	107,630	18,434	89,196
Deferred inflows of resources	1,055,971	696,514	359,457
Total liabilities and deferred inflows of resources	<u>1,163,601</u>	<u>714,948</u>	<u>448,653</u>
Net Position:			
Net investment in capital assets	1,885,992	1,608,207	277,785
Unrestricted	<u>827,695</u>	<u>1,100,803</u>	<u>(273,108)</u>
Total net position	<u>\$ 2,713,687</u>	<u>\$ 2,709,010</u>	<u>\$ 4,677</u>

Capital assets increased primarily due to the installation of new playground equipment at Gray, Oakshire, and Schriever parks. The increase in deferred inflows of resources reflects increases in the 2018 ad valorem tax assessments.

### **Governmental Activities**

Governmental activities decrease the District's net position by \$4,677. Key elements of this decrease are as presented on the next page:

### Condensed Statements of Activities

	For the Year Ended December 31,		Dollar	Percent
	2018	2017	Change	Change
<b>Revenues:</b>				
Program revenues:				
Charges for services	\$ 46,351	\$ 31,938	\$ 14,413	45.13%
General revenues:				
Taxes	692,887	655,717	37,170	5.67%
Intergovernmental	56,815	56,800	15	0.03%
Miscellaneous	22,074	4,081	17,993	440.90%
Total revenues	<u>818,127</u>	<u>748,536</u>	<u>69,591</u>	9.30%
<b>Expenses:</b>				
General government	27,886	28,579	(693)	-2.42%
Culture and recreation	785,564	773,976	11,588	1.50%
Total expenses	<u>813,450</u>	<u>802,555</u>	<u>10,895</u>	1.36%
Change in net position	4,677	(54,019)	58,696	-108.66%
Net position, beginning of year	2,709,010	2,763,029	(54,019)	-1.96%
Net position, end of year	<u>\$ 2,713,687</u>	<u>\$ 2,709,010</u>	<u>\$ 4,677</u>	0.17%

The Statement of Activities provides answers to the nature and source of changes in net position. The District's tax revenues increased in the current year by \$37,170 or 5.67%. Miscellaneous revenue increased by \$17,993 in the current year primarily due to an increase in interest earned through the LAMP account. Culture and recreation expenses increase primarily due to losses on the disposals of capital assets and increases in personal services due to pay raises during the fiscal year.

### 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 balances 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 governmental fund's ending fund balance is \$822,654 a decrease of \$274,991 in comparison with the prior year. Assigned fund balance for a 2019 budgeted spending deficit amounted to \$29,427 and the remaining fund balance of \$793,227 is unassigned and available for spending at the District's discretion.



## General Fund Budgetary Highlights

The budget was amended one time during the year. The primary reason for amending the budget was to prevent compliance violations under state law. The major differences between the original General Fund budget and the final amended budget were as follows:

### Revenues

- Taxes were increased to reflect anticipated revenues for the year.
- Summer camp fees, charges for services, were increased due to the increased summer camp attendance.
- Interest was increased due to increased interest earned through the LAMP account.

### Expenditures

- Repairs and maintenance decreased by \$16,850 to reflect a decrease in the amount of repairs needed to buildings and grounds across the District.
- Capital outlay expenditures were decreased by \$30,000 for the decrease in the amount of capital expenditures needed at Gray, Oakshire and Schriever Parks.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### Capital Assets

The District's net investment in capital assets for its governmental activities as of December 31, 2018, amounts to \$1,885,992 (net of accumulated depreciation). This net investment in capital assets includes land, buildings and improvements, office furniture, fixtures and equipment; and machinery and equipment.

	<u>2018</u>	<u>2017</u>
Land	\$ 26,345	\$ 26,345
Construction in Progress	99,240	-
Buildings and improvements	2,742,905	2,450,908
Office furniture, fixtures, and equipment	50,152	51,049
Machinery and equipment	<u>806,016</u>	<u>866,290</u>
Totals	<u>\$ 3,724,658</u>	<u>\$ 3,394,592</u>

The major capital asset events for the current year consisted of:

- Purchase of new playground equipment for Gray and Schriever Parks
- Purchase of bleachers at Oakshire, Andrew Price and Schriever Gyms
- Purchase of two maintenance tractors
- Purchase of 3 ton heat pump package unit for bathrooms and concession stand at Gray Park

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

### **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:

- The ad valorem tax revenue budgeted represents the estimated amount of the November 2018 assessment, which the District will receive, for the most part, in January 2019.
- The District received an additional \$350,000 in property taxes due to the redistricting which now adds parts of Coteau/Bayou Blue to the District.
- Increases in revenue include greater rental of facilities, summer camp aftercare programs, and increased interest from investing fund balance through the Louisiana Asset Management Pool (LAMP).
- Additional operating costs are expected once the District has acquired property in the Coteau/Bayou Blue area.
- Items for further consideration in the current and upcoming five years include the purchase of industrial machinery to reduce operating rental costs, possible additions of more park locations, splash parks, exercise equipment, soccer fields, tennis courts, and continued improvements to existing facilities.

### **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. 1, P.O. Box 643 Schriever, LA 70395.

**STATEMENT OF NET POSITION AND  
GOVERNMENTAL FUND BALANCE SHEET**

**Terrebonne Parish Recreation District No. 1**

December 31, 2018

	<u>General Fund</u>	<u>Adjustments (Exhibit B)</u>	<u>Statement of Net Position</u>
<b>Assets</b>			
Cash	\$ 1,003,719		\$ 1,003,719
Receivables:			
Taxes	305,966		305,966
Due from other governmental units	675,587		675,587
Prepaid insurance	-	\$ 6,024	6,024
Capital assets:			
Non-depreciable	-	125,585	125,585
Depreciable, net of accumulated depreciation	-	1,760,407	1,760,407
Total assets	<u>\$ 1,985,272</u>	<u>1,892,016</u>	<u>3,877,288</u>
<b>Liabilities</b>			
Accounts payable and accrued expenditures	\$ 101,550	-	101,550
Due to Terrebonne Parish Consolidated Government	5,097	-	5,097
Long-term liabilities - due after one year	-	983	983
Total liabilities	106,647	983	107,630
Deferred inflows of resources			
Unavailable revenue - property taxes	1,055,971	-	1,055,971
Total liabilities and deferred inflows of resources	1,162,618	983	1,163,601
<b>Fund Balance/Net Position</b>			
Fund balance:			
Assigned - subsequent year's expenditures	29,427	(29,427)	-
Unassigned	793,227	(793,227)	-
Total fund balance	822,654	(822,654)	-
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 1,985,272</u>		
Net position:			
Net investment in capital assets		1,885,992	1,885,992
Unrestricted		827,695	827,695
Total net position		<u>\$ 2,713,687</u>	<u>\$ 2,713,687</u>

See notes to financial statements.



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

**Terrebonne Parish Recreation District No. 1**

December 31, 2018

<b>Fund Balances - Governmental Fund</b>	<b>\$ 822,654</b>
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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	\$ 3,724,658	
Less accumulated depreciation	<u>(1,838,666)</u>	1,885,992

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

Prepaid insurance	6,024	
Compensated absences payables	<u>(983)</u>	

<b>Net Position of Governmental Activities</b>	<b><u>\$ 2,713,687</u></b>
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See notes to financial statements.



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

**Terrebonne Parish Recreation District No. 1**

For the year ended December 31, 2018

	General Fund	Adjustments (Exhibit D)	Statement of Activities
<b>Revenues</b>			
Taxes	\$ 692,887		\$ 692,887
Intergovernmental:			
State of Louisiana:			
State revenue sharing	28,815		28,815
Terrebonne Parish Consolidated Government	28,000		28,000
Charges for services	46,351		46,351
Interest	21,250		21,250
Other Income	824		824
Total revenues	<u>818,127</u>		<u>818,127</u>
<b>Expenditures/Expenses</b>			
Current:			
General government:			
Ad valorem tax adjustment	4,417		4,417
Ad valorem tax deductions	23,469		23,469
Total general government	<u>27,886</u>		<u>27,886</u>
Culture and recreation:			
Personal services	250,020	\$ (1,801)	248,219
Supplies and materials	73,720	27,736	101,456
Other services and charges	236,780	(82)	236,698
Repairs and maintenance	40,407	-	40,407
Depreciation and amortization	-	158,784	158,784
Total culture and recreation	<u>600,927</u>	<u>184,637</u>	<u>785,564</u>
Capital outlay	464,305	(464,305)	-
Total expenditures/expenses	<u>1,093,118</u>	<u>(279,668)</u>	<u>813,450</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(274,991)	274,991	
<b>Change in Net Position</b>	-	4,677	4,677
<b>Fund Balance/Net Position</b>			
Beginning of year	1,097,645	1,611,365	2,709,010
End of year	<u>\$ 822,654</u>	<u>\$ 1,891,033</u>	<u>\$ 2,713,687</u>

See notes to financial statements.

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

**Terrebonne Parish Recreation District No. 1**

For the year ended December 31, 2018

**Net Change in Fund Balances - Governmental Fund** **\$ (274,991)**

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	\$ 464,305	
Depreciation expense	<u>(158,784)</u>	305,521

The net effect of various miscellaneous transactions involving capital assets, such as sales, trade-ins and impairments, decrease net position	(27,736)
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Some expenditures reported in the Statement of Activities  
do not require the use of current financial resources and,  
therefore, are not reported expenditures in governmental funds.

Increase in prepaid insurance	82
Decrease in compensated absences payable	<u>1,801</u>

<b>Change in Net Position of Governmental Activities</b>	<b><u><u>\$ 4,677</u></u></b>
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See notes to financial statements.

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

**Terrebonne Parish Recreation District No. 1**

For the year ended December 31, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Favorable (Unfavorable)
<b>Revenues</b>				
Taxes	\$ 691,500	\$ 691,700	\$ 692,887	\$ 1,187
Intergovernmental:				
State of Louisiana:				
State revenue sharing	28,800	28,815	28,815	-
Terrebonne Parish Consolidated Government	28,000	28,000	28,000	-
Charges for services	31,700	45,550	46,351	801
Miscellaneous:				
Interest	4,800	19,700	21,250	1,550
Other	-	525	824	299
Total revenues	784,800	814,290	818,127	3,837
<b>Expenditures</b>				
Current:				
General government:				
Ad valorem tax adjustment	-	6,200	4,417	1,783
Ad valorem tax deductions	22,550	22,550	23,469	(919)
Total general government	22,550	28,750	27,886	864
Culture and recreation:				
Personal services	266,910	268,160	250,020	18,140
Supplies and materials	55,000	73,100	73,720	(620)
Other services and charges	217,840	234,080	236,780	(2,700)
Repairs and maintenance	68,560	51,710	40,407	11,303
Total culture and recreation	608,310	627,050	600,927	26,123
Capital outlay	570,000	540,000	464,305	75,695
Total expenditures	1,200,860	1,195,800	1,093,118	102,682
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(416,060)	(381,510)	(274,991)	106,519
<b>Fund Balance</b>				
Beginning of year	1,030,418	1,097,645	1,097,645	-
End of year	\$ 614,358	\$ 716,135	\$ 822,654	\$ 106,519

See notes to financial statements.

## NOTES TO FINANCIAL STATEMENTS

### Terrebonne Parish Recreation District No. 1

For the Year Ended December 31, 2018

#### Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Terrebonne Parish Recreation District No. 1 (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, 2018.

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 No. 61, *The Financial Reporting Entity: Omnibus and Amendment of GASB Statement 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 not accounted for and reported in another 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 timing of related cash flows. Property taxes are recognized in the year for which they are levied.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**c) Measurement Focus and Basis of Accounting (Continued)**

**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 position. 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 2018 property taxes which are being levied to finance the 2019 budget will be recognized as revenue in 2019. The 2018 tax levy is recorded as unavailable revenue in the District's 2018 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. An exception to this general rule is principal and interest on general long-term debt which is recognized when due. 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 expenditure must be approved by the Board. The District amended its budget once during the year so actual revenues would not be less than budgeted and actual expenditures would not be greater than budgeted.

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 contain no 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) Investments**

Investments are stated at fair value as established by open market, except for the Louisiana Asset Management Pool (LAMP). LAMP is an external pool which is operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net position to compute share prices if certain conditions are met.

Investments during the year consisted of LAMP and are reported as cash equivalents as of December 31, 2018.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**h) 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.

**i) 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.

**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 \$500 or more 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	20 - 40 years
Improvements other than buildings	5 - 25 years
Machinery and equipment	5 - 25 years
Office furniture, fixtures, and equipment	5 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.



**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) Vacation and Sick Leave**

The District provides annual leave for all full time permanent employees. Each employee will earn 80 hours of annual leave per year. These 80 hours will continue to be given to those qualifying employees throughout the entirety of their employment. Annual leave is earned at a rate of 1.539 hours per 40 hours worked. Failure to use leave results in its loss. Annual leave is not paid upon separation.

The liability for these compensated absences is recorded as a long-term obligation in the government-wide statements. In the fund financial statements, government funds report only compensated absence liability payable from expendable available financial resources.

**l) 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.
- b. Restricted net position - Consists of assets and deferred outflows 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.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**1) Fund Equity (Continued)**

- c. Unrestricted net position - All other net position that does 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.

**Fund Financial Statements:**

Government 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. Commitments may be established, modified, or rescinded only through 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 but are intended to be used for specific purposes. Assignments may be established, modified, or rescinded by the President of the District's Board of Directors or his representative.
- 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 assigned for budgeted spending deficit in 2019 and unassigned as of December 31, 2018.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**m) New GASB Statements**

During the year ending December 31, 2018, the District implemented the following GASB Statements:

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. This statement did not affect the District's 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. This Statement did not affect the District's 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. 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:



Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m) New GASB Statements (Continued)

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 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. 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 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**m) New GASB Statements (Continued)**

Statement No. 88, *"Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements"* improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. The Statement clarifies which liabilities governments should include when disclosing information related to debt. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement are effective for reporting periods beginning after June 30, 2018. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 89, *"Accounting for Interest Cost Incurred before the End of a Construction Period"* establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 90, *"Majority Equity Interest"* improves the consistency and comparability of reporting government's majority equity interest in legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**m) New GASB Statements (Continued)**

investment. A majority equity interest that meets the definition of an investment should be measured using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as component unit. The requirements of this Statement are effective for reporting period beginning after December 15, 2018. Management has not yet determined the effect of this Statement on the financial statements.

**Note 2 - DEPOSITS AND INVESTMENTS**

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.

**Bank Deposits:**

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:

	<u>Bank Balances</u>	<u>Reported Amounts</u>
Cash	<u>\$ 125,149</u>	<u>\$ 125,131</u>

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. As of December 31, 2018, the District's bank balance of \$125,149 was covered by federal deposit insurance, and not exposed to credit risk.



**Note 2 - DEPOSITS AND INVESTMENTS Continued)**

**Investments:**

State statutes authorize the District 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 be derived. Primary emphasis shall be placed upon the safety of principal secondly to maintain liquidity to meet operating requirements and finally do 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 AAA.

For an investment, custodial credit risk is that risk that, in the event of 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.

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 in accordance with LSA-R.S. 33:2955. 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

**Note 2 - DEPOSITS AND INVESTMENTS (Continued)**

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 as 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, 2018, amounted to \$878,588 and are classified on the Statement of Net Position as "Cash and cash equivalents".

A reconciliation of deposits and investments as shown on the Statement of New Position for the District is as follows:

Reported amount of deposits	\$ 125,131
Reported amount of investments	<u>878,588</u>
Cash	<u>\$ 1,003,719</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, 2018 was \$7.00 per \$1,000 of assessed valuation on property within Recreation District No. 1 for the purpose of constructing, maintaining and operating recreational facilities within the District. As indicated in Note 1c, taxes levied November 1, 2018 are for budgeted expenditures in 2019 and will be recognized as revenues in 2019.

**Note 4 - DUE FROM OTHER GOVERNMENTAL UNITS**

Amounts due from other governmental units as of December 31, 2018 consisted of the following:

	<u>General Fund</u>
State of Louisiana - state revenue sharing	\$ 21,513
Terrebonne Parish Tax Collector - December 2018 collections remitted to the District in January 2019:	
Ad Valorem taxes	643,318
State revenue sharing	<u>10,756</u>
Total	<u>\$ 675,587</u>



**Note 5 - CHANGES IN CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2018 was as follows:

	Balance January 1, 2018	Additions	Deletions	Balance December 31, 2018
Capital assets not being depreciated:				
Land	\$ 26,345			\$ 26,345
Construction in process	-	\$ 99,240		99,240
	<u>26,345</u>	<u>99,240</u>		<u>125,585</u>
Capital assets being depreciated:				
Buildings	1,457,563	21,042	\$ (15,207)	1,463,398
Improvements other than building	993,345	286,162	-	1,279,507
Office furniture, fixtures, and equipment	51,049	-	(897)	50,152
Machinery and equipment	866,290	57,861	(118,135)	806,016
	<u>3,368,247</u>	<u>365,065</u>	<u>(134,239)</u>	<u>3,599,073</u>
Total capital assets being depreciated				
Less accumulated depreciation for:				
Buildings	(1,064,099)	(42,155)	3,488	(1,102,766)
Improvements other than buildings	(409,260)	(58,155)	-	(467,415)
Office furniture, fixtures, and equipment	(25,269)	(5,912)	897	(30,284)
Machinery and equipment	(287,757)	(52,562)	102,118	(238,201)
	<u>(1,786,385)</u>	<u>(158,784)</u>	<u>106,503</u>	<u>(1,838,666)</u>
Total accumulated depreciation				
Total capital assets being depreciated, net	<u>1,581,862</u>	<u>206,281</u>	<u>(27,736)</u>	<u>1,760,407</u>
Total capital assets, net	<u>\$ 1,608,207</u>	<u>\$ 305,521</u>	<u>\$ (27,736)</u>	<u>\$ 1,885,992</u>

The District has active construction projects as of December 31, 2018. The projects include additional lighting at the Gray football field and culvert installations at the Gray and Oakshire parks. Construction contracts have been entered into for the furnishing and installation of culverts. As of December 31, 2018, \$62,271 has been incurred for culverts and installations and \$42,751 of costs remain on the construction contracts.

Depreciation amounting to \$158,784 was recorded as cultural and recreation expenses for the year ended December 31, 2018.

**Note 6 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES**

Accounts payable and accrued expenditures as of December 31, 2018 consisted of the following:

	<u>Governmental Activities</u>
General Fund	
Vendors	\$ 98,263
Payroll and related taxes and withholdings	<u>3,287</u>
 Total accounts payable and accrued expenditures	 <u>\$ 101,550</u>

**Note 7 - LONG-TERM OBLIGATIONS**

Long-term obligations consist of accumulated earned and unpaid vacation and sick leave. The following is a summary of changes in the long-term obligations of the District for the year ended December 31, 2018:

	<u>Payable January 1, 2018</u>	<u>Increase</u>	<u>Decrease</u>	<u>Payable December 31, 2018</u>
Accumulated unpaid annual leave	<u>\$ 2,784</u>	<u>\$ 3,214</u>	<u>\$ 5,015</u>	<u>\$ 983</u>

**Note 8 - LEASE COMMITMENTS**

The District has a 10 year operating lease for use of land for recreational purposes which terminates September 31, 2026, for annual rent of \$3,000. The parties may extend this lease for an additional 10 year term upon mutual written agreement for the same. Rent expense for the year ended December 31, 2018 was \$3,000.

**Note 9 - 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 pays monthly premiums to the Parish for workers' compensation based on a fixed percentage of payroll. The District's premiums for general liability are based on various factors such as operations and maintenance budget, exposure and claims experience. The Parish handles all claims filed against the District related to workers' compensation and general liability. The District could have additional exposure for claims in excess of the Parish's insurance contracts as described below:

<u>Coverage Policy</u>	<u>Limits</u>
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, \$4,706,219 as of December 31, 2017, 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, 2018, the District had no claims in excess of the above coverage limits.

Expenditures for premiums to the Parish for insurance coverage during the year ended December 31, 2018 totaled \$24,745.

**Note 10 - COMPENSATION OF BOARD MEMBERS**

The District did not pay per diem to any of its Board Members for the year ended December 31, 2018.

**Note 11 - STATE OF LOUISIANA TAX ABATEMENTS**

The District's ad valorem tax revenues were reduced by \$19,715 under agreements entered into with the State of Louisiana.



**Note 12 - 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 May 31, 2019 which is the date the financial statements were available to be issued.

## **SUPPLEMENTARY INFORMATION SECTION**

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

**Terrebonne Parish Recreation District No. 1**

For the year ended December 31, 2018

<b>Agency Head Name:</b>	<b>Jay Bernard</b>	<b>John Mitchell</b>	<b>Kaden Benoit</b>
	<b><u>January-June 2018</u></b>	<b><u>July-August 2018</u></b>	<b><u>September-December 2018</u></b>
<b>Purpose</b>			
Salary	\$ 18,557	\$ 6,438	\$ 5,459
Benefits - insurance	1,999	1,016	-
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	-	-	-
Meals	-	-	-
	<u>\$ 20,556</u>	<u>\$ 7,454</u>	<u>\$ 5,459</u>

Note: The Manager functions as the Chief Executive Officer of the District.



**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. 1,  
Schriever, 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. 1 (the "District"), 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 District's basic financial statements and have issued our report thereon dated May 31, 2019.

**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 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 that might be material weakness 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, LLC.*

Certified Public Accountants.

Houma, Louisiana,  
May 31, 2019.



## **SCHEDULE OF FINDINGS AND RESPONSES**

### **Terrebonne Parish Recreation District No. 1**

For the year ended December 31, 2018

#### **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. 1 did not expend federal awards in excess of \$750,000 during the year ended December 31, 2018 and therefore is exempt from the audit requirements under the Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards.

#### **Section II Financial Statement Findings**

No financial statement findings were noted during the audit for the year ended December 31, 2018.

#### **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. 1**

For the year ended December 31, 2018

#### **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. 1 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 Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

#### **Section III Management Letter**

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



## **MANAGEMENT'S CORRECTIVE ACTION PLAN**

### **Terrebonne Parish Recreation District No. 1**

For the year ended December 31, 2018

#### **Section I Internal Control and Compliance Material to the Financial Statements**

##### **Internal Control**

No material weaknesses were noted during the audit for the year ended December 31, 2018.

No significant deficiencies were reported during the audit for the year ended December 31, 2018.

##### **Compliance**

No compliance findings material to the financial statements were noted during the audit for the year ended December 31, 2018.

#### **Section II Internal Control and Compliance Material to Federal Awards**

Terrebonne Parish Recreation District No. 1 did not expend federal awards in excess of \$750,000 during the year ended December 31, 2018 and therefore is exempt from the audit requirements under the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

#### **Section III Management Letter**

A management letter was not issued in connection with the audit for the year ended December 31, 2018.

## **AGREED-UPON PROCEDURES**

**INDEPENDENT ACCOUNTANT'S REPORT ON**  
**APPLYING AGREED-UPON PROCEDURES**

To the Board of Commissioners  
Terrebonne Parish Recreation District No. 1,  
Schriever, Louisiana.

We have performed the procedures described in Schedule 2, which were agreed to by the Terrebonne Parish Recreation District No. 1 (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, 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 the attestation standards established by the American Institute of Certified Public 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,  
May 31, 2019.



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

**Terrebonne Parish Recreation District No. 1**

For the year ended December 31, 2018

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 to contain all requirements listed above.  
Exceptions: There were no exceptions noted.  
Management's response: Not applicable.
  - 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.

**Procedures performed on the District's Written Policies and Procedures: (Continued)**

- d) Receipts/Collections, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of each type of revenue or agency fund additions.

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- 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: Inquired of management as to a contracting policy.

Exceptions: Management confirmed that there was no formal contracting policy.

Management's response: Management will consider drafting such a policy.

- 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)

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- 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 written policy for travel and expense reimbursement.

Exceptions: The policy does not contain a provision about dollar thresholds by category of expenses.

Management's response: Management will consider updating travel and expense reimbursement policy with the provisions listed above.

**Procedures performed on the District's Written Policies and Procedures: (Continued)**

- 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 District's ethics policy.

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Obtained and read the written policy for debt service.

Exceptions: Management confirmed there was no policy for debt service.

Management's response: Management will consider drafting such a policy when the District incurs debt.

**Procedures performed on the District's Board:**

- 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, or other equivalent document.

Performance: Prior year testing resulted in no exceptions related to the District's board.

Therefore, testing was not required in the current year.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- b) Observe that the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.

Performance: Prior year testing resulted in no exceptions related to the District's board.

Therefore, testing was not required in the current year.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.



**Procedures performed on the District's Board: (Continued)**

- c) 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.

Performance: Prior year testing resulted in no exceptions related to the District's board.

Therefore, testing was not required in the current year.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

**Procedures performed on the District's Bank Reconciliations:**

- 3. Obtain a listing of the District's bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the District's main operating account. Select the District's main operating account and select 4 additional accounts (or all accounts if less than 5). Select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

Performance: Prior year testing resulted in no exceptions related to the District's bank reconciliations. Therefore, testing was not required in the current year.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- 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);

Performance: Prior year testing resulted in no exceptions related to the District's bank reconciliations. Therefore, testing was not required in the current year.

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 who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

Performance: Prior year testing resulted in no exceptions related to the District's bank reconciliations. Therefore, testing was not required in the current year.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

**Procedures performed on the District's Bank Reconciliations: (Continued)**

- 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.

Performance: Prior year testing resulted in no exceptions related to the District's bank reconciliations. Therefore, testing was not required in the current year.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

**Procedures performed on the District's Collections:**

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/check/money order (cash) are prepared and management's representation that the listing is complete. Select 5 deposit sites (or all deposit sites if less than 5).

Performance: Obtained the listing of cash/check/money order (cash) deposit sites from management, and received management's representation in a separate letter. The District only has one location that prepares deposits.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Select one collection location for each deposit site (i.e. collection locations for 5 deposit sites), obtain and inspect written policies 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:

Performance: Obtained the listing of collection locations from management and received management's representation in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

Performance: Inspected policy manuals and inquired of management and observed employees do not share cash drawers/registers.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

**Procedures performed on the District's Collections: (Continued)**

- b) Each employee responsible for collection cash is not responsible for preparing/making bank deposits, unless other employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.

Performance: Inspected policy manuals and inquired of management and observed employees collecting cash are not responsible for making deposits.

Exceptions: Throughout the first half of the year the Operations Manager received cash but was also the individual responsible for depositing cash. During the second half of the year the Operations Manager stopped receiving cash collections.

Management's response: If cash is collected, Management will ensure employees depositing cash are not responsible for making deposits.

- 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.

Performance: Inspected policy manuals and inquired of management and observed employees collecting cash do not make general ledger postings.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- 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.

Performance: Inspected policy manuals and inquired of management and observed employees collecting cash do not make general ledger postings.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

Performance: Obtained a listing of all employees who have access to cash and inquired of management if these employees are covered by a bond or insurance policy for theft.

Exceptions: Summer Camp Supervisors have access to cash, yet they are not bonded.

Management's response: Management will consider adding the cash receiving employees to the list of bonded employees.

**Procedures performed on the District's Collections: (Continued)**

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Procedures performed on the District's "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates selected and select a deposit if multiple deposits were made on the same day). Obtain supporting documentation for each of the 10 deposits and:
- a) Observe that receipts are sequentially pre-numbered.  
Performance: Obtained supporting documentation for the 10 selected deposits and observed that receipts were sequentially pre-numbered.  
Exceptions: There were no exceptions noted.  
Management's response: Not applicable.
  - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.  
Performance: Traced supporting documentation to the deposit slip.  
Exceptions: There were no exceptions noted.  
Management's response: Not applicable.
  - c) Trace the deposit slip total to the actual deposit per the bank statement.  
Performance: Traced deposit slip total to actual deposit per bank statement.  
Exceptions: There were no exceptions noted.  
Management's response: Not applicable.
  - 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).  
Performance: Observed that the deposit was made within one business day of receipt.  
Exceptions: There were no exceptions noted.  
Management's response: Not applicable.
  - e) Trace the actual deposit per the bank statement to the general ledger.  
Performance: Traced the actual deposit per the bank statement to the general ledger.  
Exceptions: There were no exceptions noted.  
Management's response: Not applicable.



**Procedures performed on the District's 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. Select 5 locations (or all locations if less than 5)

Performance: Obtained the listing of locations that process payments, and received management's representation in a separate letter. The District only has one location that processes payments.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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 District has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

Performance: Obtained a listing of those employees involved with non-payroll purchasing and payments functions, and received management's representation in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

Performance: Inspected policy manuals and inquired of management and employees as to requirement listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- b) At least two employees are involved in processing and approving payments to vendors.

Performance: Inspected policy manuals and inquired of management and employees as to requirement listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

**Procedures performed on the District's Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases): (Continued)**

- 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.

Performance: Inspected policy manuals and inquired of management and employees as to requirement listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- 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.

Performance: Inspected policy manuals and inquired of management and employees as to requirement listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

10. For each location selected under #8 above, obtain the District'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:

Performance: Obtained the District's general ledger for the fiscal period, and obtained management's representation in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- a) Observe that the disbursement matched the related original invoice/billing statement.

Performance: Obtained the disbursement and observed that the disbursement and the related original invoice/billing statement were in agreement.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Performance: Obtained the disbursement documentation and observed for proper segregation of duties as listed under #9 above.

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:**

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.

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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, rotating cards each year. Select one monthly statement or combined statement for each card (for a debit card, 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.

Performance: Obtained statement for the three cards the District uses along with supporting documentation and observed for proper approval.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- b) Observe that finance charges and/or late fees were not assessed on the selected statements.

Performance: Obtained statement for the three cards and observed for finance charges and/or late fees.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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).

**Procedures performed on the District's Credit Cards, Debit Cards, Fuel Cards, P-cards:  
(Continued)**

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

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

Performance: Traced each transaction to an original itemized receipt.

Exceptions: The transactions tested on the Home Depot account did not include original itemized receipts; however, the statement included a detailed invoice of all items purchased.

Management's response: Management will begin to attach original itemized receipts to the monthly Home Depot statements.

2) Written documentation of the business/public purpose.

Performance: Observed supporting documentation for evidence of business/public purpose.

Exceptions: Two items purchased on the Home Depot card did not contain documentation of the business purpose.

Management's response: Management will include documentation for evidence of business/public purpose on all credit card transactions.

3) Documentation of the individuals participating in meals (for meal charges only).

Performance: No meal charges observed.

Exceptions: Not applicable.

Management's response: Not applicable.

**Procedures performed on the District's Travel and Travel-Related Expense Reimbursements:**

14. Obtain from management a listing of all travel and related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. 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:

Performance: Prior year testing resulted in no exceptions related to the District's travel and travel-related expense reimbursements. Therefore, testing was not required in the current year.

Exceptions: There are no exceptions noted.

Management's response: Not applicable.



**Procedures performed on the District's Travel and Travel-Related Expense Reimbursements:  
(Continued)**

- 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](http://www.gsa.gov)).

Performance: Prior year testing resulted in no exceptions related to the District's travel and travel-related expense reimbursements. Therefore, testing was not required in the current year.

Exceptions: There are no exceptions noted.

Management's response: Not applicable.

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

Performance: Prior year testing resulted in no exceptions related to the District's travel and travel-related expense reimbursements. Therefore, testing was not required in the current year.

Exceptions: There are no exceptions noted.

Management's response: Not applicable.

- 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 (procedures #1h).

Performance: Prior year testing resulted in no exceptions related to the District's travel and travel-related expense reimbursements. Therefore, testing was not required in the current year.

Exceptions: There are no exceptions noted.

Management's response: Not applicable.

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving the reimbursement.

Performance: Prior year testing resulted in no exceptions related to the District's travel and travel-related expense reimbursements. Therefore, testing was not required in the current year.

Exceptions: There are no exceptions noted.

Management's response: Not applicable.

**Procedures performed on the District's Contracts:**

15. Obtain 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. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, and:

Performance: Obtained a listing of contracts initiated or renewed during the fiscal period and received management's representation in a separate letter. Randomly selected 5 contracts from the list provided by management.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- 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.

Performance: Inspected the written contracts to determine if contracts were subject to Louisiana Public Bid Law.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- b) Observe that the contract was approved by the governing body/District, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).

Performance: Inspected the board meeting minutes for approval of contract.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- c) If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment.

Performance: Inspected contract to determine if the contract was amended.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- 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.

Performance: Inspected the invoice and compared to the written contract information and observed that the invoice and related payment agreed to terms and conditions of the contract.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

**Procedures performed on the District's Payroll and Personnel:**

16. Obtain a listing of employees (and elected officials, if applicable) 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.

Performance: Prior year testing resulted in no exceptions related to payroll and personnel.

Therefore, testing was not required in the current year.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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).

Performance: Prior year testing resulted in no exceptions related to payroll and personnel.

Therefore, testing was not required in the current year.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

Performance: Prior year testing resulted in no exceptions related to payroll and personnel.

Therefore, testing was not required in the current year.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- c) Observe that any leave accrued or taken during the pay period is reflected in the District's cumulative leave records.

Performance: Prior year testing resulted in no exceptions related to payroll and personnel.

Therefore, testing was not required in the current year.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

18. Obtain from management a list 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.

**Procedures performed on the District's Payroll and Personnel: (Continued)**

Performance: Prior year testing resulted in no exceptions related to payroll and personnel.

Therefore, testing was not required in the current year.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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.

Performance: Prior year testing resulted in no exceptions related to payroll and personnel.

Therefore, testing was not required in the current year.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

**Procedure performed on the District's Ethics:**

20. Using the 5 randomly selected employees/officials from procedure #16 under "Procedures performed on the District's Payroll and Personnel" above, obtain ethics compliance documentation from management and:

- a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

Performance: Observed the ethics course completion certificates for the five employees tested.

Exceptions: There were no certificates on file for summer camp employees for fiscal year 2018.

Management's response: Management will require that all summer camp workers undergo yearly ethics training.

- b) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the District's ethics policy during the fiscal period.

Performance: Observed documentation that the five employees selected attested through signature verification that he or she has read the ethics policy during the fiscal period.

Exceptions: There was no documentation that the employees selected read the ethics policy during the fiscal period.

Management's response: Management will have each employee/official attest through signature verification that he or she has read the District's ethics policy.



**Procedures performed on the District's 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.

Performance: Prior year testing resulted in no exceptions related to the District's debt service. Therefore, testing was not required in the current year.

Exceptions: There were no exceptions noted.

Management's response: 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.

Performance: Prior year testing resulted in no exceptions related to the District's debt service. Therefore, testing was not required in the current year.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

**Other procedures performed on the District:**

23. Obtain a listing of misappropriations of public funds or 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 District reported the misappropriations(s) to the legislative auditor and the district attorney of the parish in which the District is domiciled.

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

24. Observe and report whether the District 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.

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.