

*Financial Report*

*Terrebonne Parish Recreation District No. 1*

*Schriever, Louisiana*

*For the year ended December 31, 2017*

***Financial Report***

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

***Schriever, Louisiana***

***For the year ended December 31, 2017***

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For the year ended December 31, 2017

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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, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to

design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Terrebonne Parish Recreation District No. 1 as of December 31, 2017, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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 March 29, 2018 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,  
March 29, 2018.



## **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, 2017. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with financial statements, which follow this section.

#### **FINANCIAL HIGHLIGHTS**

The District's assets exceeded its liabilities at the close of fiscal year 2017 by \$2,709,010 (net position), which represents a 1.96% decrease from last fiscal year.

The District's revenue increased \$15,523 (2.12%) primarily due to the increase in ad valorem tax revenues.

The District's expenses increased by \$97,517 (13.83%) primarily due to increases in culture and recreation expenses.

Capital assets increased by \$320,548 (24.89%). This increase includes significant additions of new playground equipment 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, 2017, assets exceeded liabilities and deferred inflow of resources by \$2,709,010. A large portion of the District's net position (59.37%) 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>2017</u>	<u>2016</u>	<u>Change</u>
Current and other assets	\$ 1,815,751	\$ 2,164,153	\$ (348,402)
Capital assets	<u>1,608,207</u>	<u>1,287,659</u>	<u>320,548</u>
Total assets	<u>3,423,958</u>	<u>3,451,812</u>	<u>(27,854)</u>
Current liabilities	18,434	28,827	(10,393)
Deferred inflows of resources	<u>696,514</u>	<u>659,956</u>	<u>36,558</u>
Total liabilities	<u>714,948</u>	<u>688,783</u>	<u>26,165</u>
Net Position:			
Net investment in capital assets	1,608,207	1,287,659	320,548
Unrestricted	<u>1,100,803</u>	<u>1,475,370</u>	<u>(374,567)</u>
Total net position	<u>\$ 2,709,010</u>	<u>\$ 2,763,029</u>	<u>\$ (54,019)</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 2017 ad valorem tax assessments.

### **Governmental Activities**

Governmental activities decrease the District's net position by \$54,019. Key elements of this decrease are as presented on the next page:

### Condensed Statements of Activities

	For the Year Ended December 31,		Dollar	Percent
	2017	2016	Change	Change
<b>Revenues:</b>				
Program revenues:				
Charges for services	\$ 31,938	\$ 32,139	\$ (201)	-0.63%
General revenues:				
Taxes	655,717	637,513	18,204	2.86%
Intergovernmental	56,800	62,481	(5,681)	-9.09%
Miscellaneous	4,081	880	3,201	363.75%
Total revenues	<u>748,536</u>	<u>733,013</u>	<u>15,523</u>	2.12%
<b>Expenses:</b>				
General government	28,579	24,955	3,624	14.52%
Culture and recreation	773,976	680,083	93,893	13.81%
Total expenses	<u>802,555</u>	<u>705,038</u>	<u>97,517</u>	13.83%
Change in net position	(54,019)	27,975	(81,994)	-293.10%
Net position, beginning of year	2,763,029	2,735,054	27,975	1.02%
Net position, end of year	<u>\$ 2,709,010</u>	<u>\$ 2,763,029</u>	<u>\$ (54,019)</u>	-1.96%

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 \$18,204 or 2.86%. Miscellaneous revenue increased by \$3,201 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 \$1,097,645 a decrease of \$373,493 in comparison with the prior year. Assigned fund balance for a 2018 budgeted spending deficit amounted to \$416,060 and the remaining fund balance of \$681,585 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 were increased due to the increased summer camp attendance.

#### **Expenditures**

- Personal services increased by \$20,068 to reflect raises given to employees as approved by the District's board.
- Repairs and Maintenance decreased by \$32,440 to reflect a decrease in the amount of repairs needed to buildings and grounds across the District.
- Capital outlay expenditures were increased by \$247,000 for the purchase of playground equipment at Gray, Oakshire, and Schriever Park.

### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

#### **Capital Assets**

The District's net investment in capital assets for its governmental activities as of December 31, 2017, amounts to \$1,608,207 (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>2017</u>	<u>2016</u>
Land	\$ 26,345	\$ 26,345
Buildings and improvements	2,450,908	2,520,206
Office furniture, fixtures, and equipment	51,049	26,077
Machinery and equipment	<u>866,290</u>	<u>434,439</u>
Totals	<u>\$ 3,394,592</u>	<u>\$ 3,007,067</u>

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

- Purchase of new playground equipment for Gray, Oakshire, and Schriever Park
- Purchase of Glass Backboards and Paddings at Oakshire, Andrew Price, and Schriever Gyms
- Purchase of patio system at Gray Park
- Various electrical improvements throughout the District

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 2017 assessment, which the District will receive, for the most part, in January 2018.
- Salaries and benefits are based on the number of employees needed to perform necessary services and the related benefits.
- Estimate of operating supplies needed to perform necessary services.
- Detail plan of equipment needed to be purchased.
- Detail plan of capital projects required to provide services.

### **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, 2017

	<u>General Fund</u>	<u>Adjustments (Exhibit B)</u>	<u>Statement of Net Position</u>
<b>Assets</b>			
Cash	\$ 1,200,417		\$ 1,200,417
Receivables:			
Taxes	376,266		376,266
Due from other governmental units	233,126		233,126
Prepaid insurance	-	\$ 5,942	5,942
Capital assets:			
Non-depreciable	-	26,345	26,345
Depreciable, net of accumulated depreciation	-	1,581,862	1,581,862
Total assets	<u>\$ 1,809,809</u>	<u>1,614,149</u>	<u>3,423,958</u>
<b>Liabilities</b>			
Accounts payable and accrued expenditures	\$ 15,650	-	15,650
Long-term liabilities - due after one year	-	2,784	2,784
Total liabilities	15,650	2,784	18,434
Deferred inflows of resources			
Unavailable revenue - property taxes	696,514	-	696,514
Total liabilities and deferred inflows of resources	712,164	2,784	714,948
<b>Fund Balance/Net Position</b>			
Fund balance:			
Assigned - subsequent year's expenditures	416,060	(416,060)	-
Unassigned	681,585	(681,585)	-
Total fund balance	1,097,645	(1,097,645)	-
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 1,809,809</u>		
Net position:			
Net investment in capital assets		1,608,207	1,608,207
Unrestricted		1,100,803	1,100,803
Total net position		<u>\$ 2,709,010</u>	<u>\$ 2,709,010</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, 2017

<b>Fund Balances - Governmental Fund</b>		<b>\$ 1,097,645</b>
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	\$ 3,394,592	
Less accumulated depreciation	<u>(1,786,385)</u>	1,608,207
Other assets used in governmental activities are not financial resources and, therefore are not reported in the governmental fund.		
Prepaid insurance		5,942
Compensated absences payables		<u>(2,784)</u>
<b>Net Position of Governmental Activities</b>		<b><u>\$ 2,709,010</u></b>

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, 2017

	General Fund	Adjustments (Exhibit D)	Statement of Activities
<b>Revenues</b>			
Taxes	\$ 655,717		\$ 655,717
Intergovernmental:			
State of Louisiana:			
State revenue sharing	28,800		28,800
Terrebonne Parish Consolidated Government	28,000		28,000
Charges for services	31,938		31,938
Other Income	902		902
Interest	3,179		3,179
Total revenues	<u>748,536</u>		<u>748,536</u>
<b>Expenditures/Expenses</b>			
Current:			
General government:			
Ad valorem tax adjustment	6,218		6,218
Ad valorem tax deductions	22,361		22,361
Total general government	<u>28,579</u>		<u>28,579</u>
Culture and recreation:			
Personal services	255,095	\$ (926)	254,169
Supplies and materials	53,050	64,822	117,872
Other services and charges	221,949	2,000	223,949
Repairs and maintenance	43,044	-	43,044
Depreciation and amortization	-	134,942	134,942
Total culture and recreation	<u>573,138</u>	<u>200,838</u>	<u>773,976</u>
Capital outlay	<u>520,312</u>	<u>(520,312)</u>	<u>-</u>
Total expenditures/expenses	<u>1,122,029</u>	<u>(319,474)</u>	<u>802,555</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(373,493)	373,493	-
<b>Change in Net Position</b>	-	(54,019)	(54,019)
<b>Fund Balance/Net Position</b>			
Beginning of year	<u>1,471,138</u>	<u>1,291,891</u>	<u>2,763,029</u>
End of year	<u>\$ 1,097,645</u>	<u>\$ 1,611,365</u>	<u>\$ 2,709,010</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, 2017

**Net Change in Fund Balances - Governmental Fund** **\$ (373,493)**

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	\$ 520,312	
Depreciation expense	<u>(134,942)</u>	385,370

The net effect of various miscellaneous transactions involving  
capital assets, such as sales, trade-ins and impairments,  
decrease net position

(64,822)

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.

Decrease in prepaid insurance	(2,000)	
Decrease in compensated absences payable	<u>926</u>	

**Change in Net Position of Governmental Activities** **\$ (54,019)**

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, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Favorable</u>
				<u>(Unfavorable)</u>
<b>Revenues</b>				
Taxes	\$ 620,500	\$ 646,300	\$ 655,717	\$ 9,417
Intergovernmental:				
State of Louisiana:				
State revenue sharing	30,000	28,800	28,800	-
Terrebonne Parish Consolidated Government	33,000	28,000	28,000	-
Charges for services	30,500	31,600	31,938	338
Miscellaneous:				
Interest	700	2,450	3,179	729
Other	-	150	902	752
Total revenues	<u>714,700</u>	<u>737,300</u>	<u>748,536</u>	<u>11,236</u>
<b>Expenditures</b>				
Current:				
General government:				
Ad valorem tax adjustment	-	-	6,218	(6,218)
Ad valorem tax deductions	<u>23,150</u>	<u>22,550</u>	<u>22,361</u>	<u>189</u>
Total general government	<u>23,150</u>	<u>22,550</u>	<u>28,579</u>	<u>(6,029)</u>
Culture and recreation:				
Personal services	232,822	252,890	255,095	(2,205)
Supplies and materials	48,500	54,870	53,050	1,820
Other services and charges	199,167	221,650	221,949	(299)
Repairs and maintenance	<u>98,500</u>	<u>66,060</u>	<u>43,044</u>	<u>23,016</u>
Total culture and recreation	<u>578,989</u>	<u>595,470</u>	<u>573,138</u>	<u>22,332</u>
Capital outlay	<u>313,000</u>	<u>560,000</u>	<u>520,312</u>	<u>39,688</u>
Total expenditures	<u>915,139</u>	<u>1,178,020</u>	<u>1,122,029</u>	<u>55,991</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(200,439)</u>	<u>(440,720)</u>	<u>(373,493)</u>	<u>67,227</u>
<b>Fund Balance</b>				
Beginning of year	<u>1,110,580</u>	<u>1,471,138</u>	<u>1,471,138</u>	<u>-</u>
End of year	<u>\$ 910,141</u>	<u>\$ 1,030,418</u>	<u>\$ 1,097,645</u>	<u>\$ 67,227</u>

See notes to financial statements.

**NOTES TO FINANCIAL STATEMENTS****Terrebonne Parish Recreation District No. 1**

For the Year Ended December 31, 2017

**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, 2017.

GASB Statement No. 14, *The Financial Reporting Entity*, GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units-an amendment of GASB Statement No. 14* and GASB 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 2017 property taxes which are being levied to finance the 2018 budget will be recognized as revenue in 2018. The 2017 tax levy is recorded as unavailable revenue in the District's 2017 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, 2017.

**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 2018 and unassigned as of December 31, 2017.

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

**m) New GASB Statements**

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

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

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

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m) New GASB Statements (Continued)

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

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

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

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

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

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

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. 85, *"Omnibus 2017."* On March 20, 2017, GASB issued *"Omnibus 2017"* covering four main topics: blending component units; goodwill, fair value measurement and application; and postemployment benefits. *"Omnibus 2017"* is effective for fiscal years beginning after June 15, 2017. However, due to the nature of topic covered, GASB is allowing the option of early implementation for single topics.

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

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

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

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

**Note 2 - DEPOSITS**

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

**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>\$ 298,102</u>	<u>\$ 297,950</u>

**Note 2 - DEPOSITS (Continued)**

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has a written policy for custodial credit risk. As of December 31, 2017, \$48,102 of the District's bank balance of \$298,102 was exposed to custodial credit risk. These deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, and are deemed to be held in the District's name as allowed by state statutes.

As of December 31, 2017, cash was adequately collateralized in accordance with state law by securities held by unaffiliated banks for the account of the District. The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities subject to custodial credit risk. Even though these deposits are considered subject to custodial credit risk under the provisions of GASB Statement No. 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

**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). In 2017, the District transferred \$900,000 from the operating cash account to 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.

**Note 2 - DEPOSITS (Continued)**

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 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, 2017, amounted to \$902,467 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	\$ 297,950
Reported amount of investments	<u>902,467</u>
Cash	<u>\$ 1,200,417</u>



**Note 3 - PROPERTY TAXES**

Property taxes are levied each November 1 on the assessed value listed as of the prior January 1 for all real property, merchandise and movable property located in the Parish. Assessed values are established by the Terrebonne Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A reevaluation of all property is required to be completed no less than every four years. The last reevaluation was completed for the list of January 1, 2016. Taxes are due and payable December 31 with interest being charged on payments after January 1. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which the taxes have not been paid are sold for the amount of the taxes. The tax rate for the year ended December 31, 2017 was \$6.53 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, 2017 are for budgeted expenditures in 2018 and will be recognized as revenues in 2018.

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

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

	<u>General Fund</u>
State of Louisiana - state revenue sharing	\$ 19,211
Terrebonne Parish Tax Collector - December 2017 collections remitted to the District in January 2018:	
Ad Valorem taxes	204,310
State revenue sharing	<u>9,605</u>
Total	<u>\$ 233,126</u>

**Note 5 - CHANGES IN CAPITAL ASSETS**

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

	Balance January 1, 2017	Additions	Deletions	Balance December 31, 2017
Capital assets not being depreciated:				
Land	\$ 26,345	\$ -	\$ -	\$ 26,345
Capital assets being depreciated:				
Buildings	1,457,563	-	-	1,457,563
Improvements other than building	1,062,643	35,375	(104,673)	993,345
Office furniture, fixtures and equipment	26,077	26,630	(1,658)	51,049
Machinery and equipment	434,439	458,307	(26,456)	866,290
Total capital assets being depreciated	2,980,722	520,312	(132,787)	3,368,247
Less accumulated depreciation for:				
Buildings	(1,022,431)	(41,668)	-	(1,064,099)
Improvements other than buildings	(395,869)	(55,362)	41,971	(409,260)
Office furniture, fixtures and equipment	(24,724)	(2,203)	1,658	(25,269)
Machinery and equipment	(276,384)	(35,709)	24,336	(287,757)
Total accumulated depreciation	(1,719,408)	(134,942)	67,965	(1,786,385)
Total capital assets being depreciated, net	1,261,314	385,370	(64,822)	1,581,862
Total capital assets, net	\$ 1,287,659	\$ 385,370	\$ (64,822)	\$ 1,608,207

Depreciation amounting to \$134,942 was recorded as cultural and recreation expenses for the year ended December 31, 2017.

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

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

General Fund	<u>Governmental Activities</u>
Vendors	\$ 13,164
Payroll and related taxes and withholdings	<u>2,486</u>
Total accounts payable and accrued expenditures	<u>\$ 15,650</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, 2017:

	<u>Payable January 1, 2017</u>	<u>Increase</u>	<u>Decrease</u>	<u>Payable December 31, 2017</u>
Accumulated unpaid annual leave	<u>\$ 3,710</u>	<u>\$ 4,176</u>	<u>\$ 5,102</u>	<u>\$ 2,784</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 during 2017 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, \$5,208,857 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, 2017, 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, 2017 totaled \$28,095.

**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, 2017.

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

The District's ad valorem tax revenues were reduced by \$14,155 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 March 29, 2018 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, 2017

**Agency Head Name:** Jennings "Jay" Bernard, Manager

<b>Purpose</b>	<b>Amount</b>
Salary	\$ 39,637
Benefits - insurance	3,618
Benefits - retirement	-
Benefits - other	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	471
Travel	3,561
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Meals	-
	<hr/>
	<b>\$ 47,287</b> <hr/>

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, 2017, and the related notes to the financial statements, which collectively comprise District's basic financial statements and have issued our report thereon dated March 29, 2018.

**Internal Control Over Financial Reporting**

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

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

Certified Public Accountants.

Houma, Louisiana,  
March 29, 2018.

## **SCHEDULE OF FINDINGS AND RESPONSES**

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

For the year ended December 31, 2017

#### **Section I Summary of Auditor's Results**

##### **a) Financial Statements**

Type of auditor's report issued: unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? \_\_\_\_\_ yes      X   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, 2017 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, 2017.

#### **Section III Federal Award Findings and Questioned Costs**

Not applicable.

## **REPORTS BY MANAGEMENT**

## **SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES**

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

For the year ended December 31, 2017

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

##### **Internal Control**

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

##### **Compliance**

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

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

Terrebonne Parish Recreation District No. 1 did not expend federal awards during the year ended December 31, 2016.

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

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

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

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

For the year ended December 31, 2017

#### **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, 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.

## **AGREED-UPON PROCEDURES**

**Bourgeois Bennett**  
CERTIFIED PUBLIC ACCOUNTANTS | CONSULTANTS  
A LIMITED LIABILITY COMPANY

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**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-Up on Procedures (SAUPs) for the year ended December 31, 2017. The District's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are described in Schedule 2.

We were not engaged to, and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on these C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 23:513, this report is distributed by the LLA as a public document.

*Bourgeois Bennett, L.L.C.*  
Certified Public Accountants

Houma, Louisiana,  
March 29, 2018.



**Terrebonne Parish Recreation District No. 1**  
**Schedule of Procedures and Associated Findings of the**  
**Statewide Agreed-upon Procedures**  
For the year ended December 31, 2017

The required procedures and our findings are as follows:

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

1. Obtain the District's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the District does not have any written policies and procedures), as applicable:
  - a) Budgeting, including preparing, adopting, monitoring, and amending the budget  
Performance: Obtained and read the written policy for budgeting and found it to address all the functions 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.  
Exceptions: The policy did not contain a provision about how vendors are added to the vendor list and the preparation and approval process of purchase requisitions and purchase orders.  
Management's response: Management will consider adding these procedures to their existing purchasing policy.
  - c) Disbursements, including processing, reviewing, and approving  
Performance: Obtained and read the written policy for disbursements, and found it to contain the requirements included above.  
Exceptions: There were no exceptions noted.  
Management's response: Not applicable.
  - d) Receipts, including receiving, recording, and preparing deposits  
Performance: Obtained and read the written policy for receipts, and found it to contain the requirements listed above.  
Exceptions: There were no exceptions noted.  
Management's response: Not applicable.

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

- e) Payroll/Personnel, including (1) payroll processing; and (2) reviewing and approving time and attendance records, including leave and overtime worked.  
Performance: Obtained and read the written policy for payroll and personnel, and found it contained 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 contracting policy,  
Management's response: Management will consider drafting a contracting policy with the provisions listed above.
- g) Credit Cards (and debit cards, fuel cards, P-Cards, if applicable), including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers; and (5) monitoring card usage  
Performance: Obtained and read the written policy for credit cards, and found it contained 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.
- i) Ethics, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations; and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.  
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.

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

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

Performance: Inquired of management as to a debt service policy.

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

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

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

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

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

Performance: Obtained and read the written minutes of board meetings. There was no meeting held in the month of December; however, the cancelling of the meeting was approved by the Board at the November board meeting.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Inspected meeting minutes as well as monthly budget-to-actual comparisons. The budget-to-actual comparisons showed deficit spending; however, their fund balance was adequate to cover each month's deficit spending.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Inspected meeting minutes as well as monthly budget-to-actual comparisons. The budget-to-actual comparisons showed deficit spending; however, their fund balance was adequate to cover each month's deficit spending.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable

**Procedures performed on the District's bank reconciliations:**

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

- a) Bank reconciliations have been prepared;

Performance: Obtained monthly bank reconciliations for the account tested. Inspected management's documentation for accuracy of bank reconciliations.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Inspected the District's documentation for management approvals of each bank reconciliation. The Board President approves each bank reconciliation with signature.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Inspected documents for items outstanding for more than 6 months. There was 1 check outstanding for more than 6 months as of the end of the fiscal period; however, management determine that this check should have been voided. The check was voided as of the end of the fiscal year.

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

Exceptions: There was no exceptions noted.

Management's response: Not applicable.

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

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

For each cash collection location selected:

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

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

Exceptions: The Operations Manager receives cash but is also the individual responsible for deposit cash.

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

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

Performance: Inspected policy manual, as well as receipts, general ledger transactions, and reconciliation reports. The Contracted Accountant receives all deposit information from the Operation Manager and reconciles and records all transactions.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

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

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

Exceptions: Through inspection of documentation and inquiry of the client, there were three instances when cash/check collected was not deposited within one day. There was also two instances where no evidence was documented as to when check/cash was received; therefore, it cannot be determined if cash receipts are deposited within one day of collection.

Management's response: Management will verify that all cash collections have appropriate documentation of receipt date and that deposits are made within one day.

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

Performance: Inspected the District's deposit slip, copies of collections and receipts, deposit receipts, and recorded transactions. Noted that all collections tested were supported by adequate documentation.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the District has a process specifically defined (identified as such by the District) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

Performance: Selected 25 disbursements over \$3,333. Requested requisitions, purchase orders, receiving documents and related invoices.

Exceptions: Through investigation of the District's written policy and inquiries of the client, it was noted that the District does not have a formal purchase requisition/purchase order system. The Operations Manager takes daily assessment of items needed across all District locations and has the authority to initiate purchases. Employees also make verbal request for items with purchases being initiated by the Operations Manager.

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

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

Performance: Inspected documentation and inquired of management as to purchase approval process.

Exceptions: The District lacks documentation of prior approval for purchases. Invoices are approved through Bill.com workflow after purchases are initiated.

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

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

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

Performance: Inspected documentation and inquired of management as to the processing of payments.

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

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

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

Performance: Inspected policy and inquired of management as to separation of duties. Payments are processed by the accountant only after proper approvals are received through Bill.com. The accountant also adds new vendors to the purchasing/disbursement system.

Exceptions: The accountant is responsible for processing payments and has access to add vendors to the purchasing/disbursement system; however, there is a mitigating control that approvals, other than the accountant, have to be obtained before any vendors can be added.

Management's response: Not applicable.

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

Performance: Inspected documentation and inquired of management about signatory authority. The District requires dual signatures on all checks. The Board president and two Board Members have signatory authority/final authorization of payments. These individuals do not initiate purchases or record transactions in the general ledger.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review District documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

Performance: Inquired of management, as well as observed where the supply of unused checks is held. The supply of unused checks are maintained at the accountant's office.

No one within the District has access to this locations.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.



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

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

Performance: Inquired of management as to whether there is a signature stamp or machine.

The District uses printed signatures only after proper approval is obtained for payment.

If the District processes a manual check, they are typically mailed the same day as processed.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

Performance: Observed the listing of all active credit cards, bank debit cards, fuel cards, and

P-cards (cards) from management and received management's representation in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

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

Performance: Obtained all monthly statements for all active credit cards, bank debit cards, fuel cards, and P-cards and observed for supporting documentation for review and approval. All statements are reviewed by the District's accountant. The accountant reconciles the monthly statement with the original itemized receipt. He scans the statement and receipts into Bill.com and assigns the proper workflow for proper approval.

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

Exceptions: For the Capital One account, the card is in the name of the Board President who has the authority to approve credit card transactions for payment.

Management's response: Management will consider changing the name on the card to an individual who does not have the authority to approve credit card transactions for payment.

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

Performance: Traced all credit card payments and balances on the credit card statements in order to note if any fees were applied to balances. No fees were observed.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

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

Performance: Traced transactions on each card and inquired of management about original itemized receipts.

Exceptions: Each transaction tested on the Capital One card and Office Depot account had an original itemized receipt. 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 receipt to Home Depot account monthly statement.

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

Performance: Observed statements with original itemized receipts and observed for business/public purpose.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Obtained statements with original itemized receipts and observed for other documentation required by written policy. If purchases over \$1,000 were included on the statements, an additional Board Member is required to approve statements.

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Obtained monthly statements and supporting documentation. All purchases complied with the purchasing/disbursement policy. No transactions required compliance with Louisiana Public Bid Law.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Obtained monthly statements with original itemized receipts and compared them to the requirements of Article 7, Section 14 of the Louisiana Constitution.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

Performance: Obtained a list of all travel and related expense reimbursements.

Management's representation of the listing was confirmed in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

Performance: Management's travel and expense policy states that approved mileage rates are designated on the approved travel reimbursement form. The current rate used by the District is \$0.51 which is in-line with GSA rates.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

Performance: Through investigation of the general ledger and detail disbursement listing, there was only one employee that incurred travel and expense reimbursement during the fiscal year. The highest travel expense was selected for testing. Expense was reimbursed in accordance with written policy.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- b) Report whether each expense is supported by:

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

Performance: Trace expense detail to the required expense reimbursement template. Included in the expense reimbursement form was detail of daily mileage to be reimbursed.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- 2) Documentation of the business/public purpose.

Performance: Business purpose was documented on the expense reimbursement form.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

Performance: Inspected all documents provided for all travel reimbursements selected.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Inspected the business/public purpose of all travel reimbursements selected and compared them to Article 7, Section 14 of the Louisiana Constitution.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Inspected documentation to find all approvals by two board members.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the auditor). Obtain the related contracts and paid invoices and:

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

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

Performance: Obtained the listing of contract vendors and selected the five contract vendors that were paid the most money during the fiscal year. Inspected the written contract that supports the services arrangement.

Exceptions: Management could not provide a contract for AT&T services at Oakshire. However, contract was cancelled mid-year due to the switch to a different provider with a better rate.

Management's response: Management will consider obtaining a copy of the original contract.

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

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

Performance: There was one contract subject to the Louisiana Public Bid Law. Inspected contract documentation for compliance with all legal requirements.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: There were 4 contracts for services which were not subject to Louisiana Public Bid Law. These contracts also did not require obtaining additional quotes.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Inspected contract and inquired of client about any amendments to contracts during the fiscal year. There were no contract amendments.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Inspected board meeting minutes and confirmed the board approved the contract.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

**Procedures performed on the District's payroll and personnel:**

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Compared hourly rates to the employer's pay scale with payments made to employees during the fiscal year.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Traced hourly rate changes during the period to pay scale. Pay rate changes were approved by the Board.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:
- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).  
Performance: Randomly selected one pay period to test leave taken during that period.  
Inspected all daily attendance and leave records for proper documentation.  
Exceptions: There were no exceptions noted.  
Management's response: Not applicable.
  - b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.  
Performance: Inspected time sheets for the pay period selected. Employees are required to punch in and out using punch cards. The Operations Manager inputs punch cards into an excel template and approves time of all employees. The Board President approves the time of the Operations Manager. Excel spreadsheet is then forwarded to accountant for processing.  
Exceptions: There were no exceptions noted.  
Management's response: Not applicable.
  - c) Report whether there is written documentation that the District maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.  
Performance: Inquired and confirmed that the District maintains written leave records for each employee eligible for paid leave. Leave records are maintained electronically in payroll software used by the accountant.  
Exceptions: There were no exceptions noted.  
Management's response: Not applicable.
24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.  
Performance: Inquired and inspected list of employees that terminated during the period. Management's representation of completeness was completed in a separate letter. Only 1 employee terminated during the fiscal year. Obtained the personnel file and traced to the employee's final written leave records and daily attendance records. All termination payments were approved by the Board President and were made in strict accordance with the personnel policy.



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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

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

Exceptions: There was not a certificate on file for summer camp employee for fiscal year 2017.

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

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

**Procedures performed on the District's debt service:**

28. If debt was issued during the fiscal period, obtain supporting documentation from the District, and report whether State Bond Commission approval was obtained.

Performance: No debt was issued during the fiscal period.

Exceptions: Not applicable.

Management's response: Not applicable.

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

29. If the District had outstanding debt during the fiscal period, obtain supporting documentation from the District and report whether the District made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

Performance: Not applicable.

Exceptions: Not applicable.

Management's response: Not applicable.

30. If the District had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

Performance: Not applicable.

Exceptions: Not applicable.

Management's response: Not applicable.

**Other procedures performed on the District:**

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the District reported the misappropriation to the legislative auditor and the commission attorney of the parish in which the District is domiciled.

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Inquired and observed such notice posted on the premises (the District does not have a website).

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.