

***Financial Report***

***Terrebonne Parish Recreation District No. 4***

***Dulac, Louisiana***

***For the year ended December 31, 2016***

## **TABLE OF CONTENTS**

### **Terrebonne Parish Recreation District No. 4**

For the year ended December 31, 2016

	<b><u>Exhibit</u></b>	<b><u>Page Number</u></b>
<b>Introductory Section</b>		
Title Page		i
Table of Contents		ii – iii
<b>Financial Section</b>		
Independent Auditor's Report		1 – 3
Management's Discussion and Analysis		4 – 8
Financial Statements:		
Government-wide and Fund Financial Statements:		
Statement of Net Position and Governmental Fund Balance Sheet	A	9
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position	B	10
Statement of Activities and Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balance	C	11
Reconciliation of the Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities	D	12
Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	E	13
Notes to Financial Statements	F	14 – 31

**TABLE OF CONTENTS**  
**(Continued)**

	<u>Exhibits</u>	<u>Page Number</u>
<b>Required Supplementary Information Section</b>		
Schedule of Funding Progress for the OPEB Plan	G	32
	<u>Schedule</u>	
<b>Supplementary Information Section</b>		
Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer	1	33
<b>Special Reports Of Certified Public Accountants</b>		
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 <u>Government Auditing Standards</u>		34 - 35
Schedule of Findings and Responses		36
<b>Reports By Management</b>		
Schedule of Prior Year Findings and Responses		37
Management's Corrective Action Plan		38

## **FINANCIAL SECTION**



## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Commissioners,  
Terrebonne Parish Recreation District No. 4,  
Dulac, Louisiana.

We have audited the accompanying financial statements of the governmental activities and the General Fund of Terrebonne Parish Recreation District No. 4, 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, 2016, 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 opinion.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund of Terrebonne Parish Recreation District No. 4 as of December 31, 2016, 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 and the Schedule of Funding Progress for the OPEB Plan on pages 4 through 8 and 32 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 the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial

statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated April 6, 2017 on our consideration of Terrebonne Parish Recreation District No. 4's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

*Bougeois Bennett, L.L.C.*

Certified Public Accountants.

Houma, Louisiana,  
April 6, 2017.

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

### **Terrebonne Parish Recreation District No.4**

The Management's Discussion and Analysis of the Terrebonne Parish Recreation District No. 4's financial performance presents a narrative overview and analysis of the District's financial activities for the year ended December 31, 2016. 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 2016 by \$1,488,110 (net position), which represents a 5.31% increase from last fiscal year.

The District's revenue increased \$14,281 (or 2.69%) primarily due to the increase in ad valorem taxes.

The District's expenses increased \$24,256 (or 5.44%) primarily due to increases in general government expenses and culture and recreation expenses.

The District did not have a deficit fund balance.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

#### **Government-wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private sector business. The Statement of Net Position presents information on all of the District's assets, deferred outflow of resources, liabilities, and deferred inflow 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. The only fund of the District is a governmental fund.

### **Governmental Funds**

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

The District maintains an individual governmental fund. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance for the General Fund. The District adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. The governmental fund financial statements can be found on pages 9 - 13 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, 2016, assets exceeded liabilities by \$1,488,110. A large portion of the District's net position (33.33%) reflects its net investment in capital assets (e.g., land; and construction in progress; buildings; improvements; office furniture, fixtures and equipment; machinery and equipment). Consequently, these assets are not available for future spending.

### Condensed Statements of Net Position

	December 31,		Dollar
	2016	2015	Change
Current and other assets	\$ 1,485,921	\$ 1,498,168	\$ (12,247)
Capital assets	496,013	419,110	76,903
Total assets	<u>1,981,934</u>	<u>1,917,278</u>	<u>64,656</u>
Liabilities	22,766	21,666	1,100
Deferred inflows of resources	<u>471,058</u>	<u>482,550</u>	<u>(11,492)</u>
Total liabilities and deferred inflows of resources	<u>493,824</u>	<u>504,216</u>	<u>(10,392)</u>
Net Position:			
Net investment in capital assets	496,013	419,110	76,903
Unrestricted	992,097	993,952	(1,855)
Total net position	<u>\$ 1,488,110</u>	<u>\$ 1,413,062</u>	<u>\$ 75,048</u>

As of December 31, 2016, current and other assets decreased \$12,247 over the prior year. The decrease is primarily due to the decrease in receivables and amounts due from other governmental units.

### Governmental Activities

Governmental activities increased the District's net position by \$75,048. Key elements of this increase are as follows:

### Condensed Statement of Activities

	For the Year Ended December 31,		Dollar	Total
	2016	2015	Change	Percent Change
<b>Revenues:</b>				
Taxes	\$ 505,671	\$ 486,917	\$ 18,754	3.85%
Intergovernmental	28,462	31,973	(3,511)	-10.98%
Charges for services	9,349	10,291	(942)	-9.15%
Miscellaneous	1,919	1,939	(20)	-1.03%
Total revenues	<u>545,401</u>	<u>531,120</u>	<u>14,281</u>	<u>2.69%</u>
<b>Expenses:</b>				
General government	27,060	19,736	7,324	37.11%
Culture and recreation	<u>443,293</u>	<u>426,361</u>	<u>16,932</u>	<u>3.97%</u>
Total expenses	<u>470,353</u>	<u>446,097</u>	<u>24,256</u>	<u>5.44%</u>
Increase in net position	75,048	85,023	(9,975)	-11.73%
Net position, beginning of year	<u>1,413,062</u>	<u>1,328,039</u>	<u>85,023</u>	<u>6.40%</u>
Net position, end of year	<u>\$ 1,488,110</u>	<u>\$ 1,413,062</u>	<u>\$ 75,048</u>	<u>5.31%</u>

In 2016, there was an increase in prior years' ad valorem taxes received by the District. The increase in general government expenses was due primarily to the District's ad valorem tax adjustments for uncollected taxes. The increase in culture and recreation expenses was caused by an increase in other services and charges and personal services.



## **FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND**

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

### **Governmental Funds**

The focus of the District's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the District's General Fund's ending fund balance is \$1,007,644, which is an decrease of \$1,000 in comparison with the prior year. The entire balance is unassigned and available for spending at the District's discretion.

### **General Fund Budgetary Highlights**

The budget was amended once 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**

- Ad Valorem revenue was increased \$11,000, to reflect the revenues assessed for the year.
- Summer camp revenue was decreased \$3,000, to better reflect revenue received from Terrebonne Parish Consolidated Government.

#### **Expenditures**

- Personal services decreased, \$8,000, due to a decrease in pool and gym salaries.
- Other services and charges increased, \$17,800, to reflect anticipated increases in insurance.

During the year, actual revenues exceeded the budgetary estimates while actual expenditures were less than the budgetary estimates.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

The District's net investment in capital assets for its governmental activities as of December 31, 2016, amounts to \$496,013 (net of accumulated depreciation). This net investment in capital assets includes land, construction in progress, buildings, improvements, office furniture, fixtures and equipment, and machinery and equipment (see the table on the following page).

	2016	2015
Land	\$ 84,503	\$ 84,503
Construction in Progress	-	3,241
Buildings	606,782	507,543
Improvements other than buildings	682,105	663,835
Machinery and equipment	180,087	176,989
Office furniture, fixtures and equipment	21,293	18,064
Totals	\$ 1,574,770	\$ 1,454,175

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

- Completion of the bathroom facility at the ball park \$101,979.
- New John Deere diesel mower \$8,213
- New LED lights in the gym \$9,076.

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

The District's long-term obligations for other postemployment benefits (OPEB) increased \$855 to \$15,547 as of December 31, 2016 based on a January 1, 2016 actuarial valuation. The unfunded accrued actuarial liability in the actuarial valuation was \$185,649.

### **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 2016 assessment, which the District will receive, for the most part, in January 2017.
- The District will continue to make the renovations and repairs to the facilities maintained by the District. This includes the gym, swimming pool, tennis courts, ballfields, park, and walking track.

### **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. 4, 106 Recreation Dr., Dulac, LA 70353.



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

**Terrebonne Parish Recreation District No. 4**

December 31, 2016

	<u>General Fund</u>	<u>Adjustments (Exhibit B)</u>	<u>Statement of Net Position</u>
<b>Assets</b>			
Cash	\$ 244,028		\$ 244,028
Investments	798,629		798,629
Receivables:			
Taxes	303,510		303,510
Due from other governmental units	139,754		139,754
Capital assets:			
Non-depreciable	-	\$ 84,503	84,503
Depreciable, net of accumulated depreciation	<u>-</u>	<u>411,510</u>	<u>411,510</u>
Total assets	<u>\$ 1,485,921</u>	<u>496,013</u>	<u>1,981,934</u>
<b>Liabilities</b>			
Accounts payable and accrued expenditures	\$ 7,219	-	7,219
Long term liabilities			
Due in more than one year	<u>-</u>	<u>15,547</u>	<u>15,547</u>
Total liabilities	<u>7,219</u>	<u>15,547</u>	<u>22,766</u>
Deferred inflows of resources			
Unavailable revenue- property taxes	<u>471,058</u>	<u>-</u>	<u>471,058</u>
Total liabilities and deferred inflows of resources	<u>478,277</u>	<u>15,547</u>	<u>493,824</u>
<b>Fund Balance/Net Position</b>			
Fund balance - unassigned	<u>1,007,644</u>	<u>(1,007,644)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 1,485,921</u>		
Net position:			
Net investment in capital assets		496,013	496,013
Unrestricted		<u>992,097</u>	<u>992,097</u>
Total net position		<u>\$ 1,488,110</u>	<u>\$ 1,488,110</u>

See notes to financial statements.

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

**Terrebonne Parish Recreation District No. 4**

December 31, 2016

<b>Fund Balances - Governmental Fund</b>	<b>\$ 1,007,644</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	\$ 1,574,770	
Less accumulated depreciation	<u>(1,078,757)</u>	496,013

Long term liabilities are not due and payable in the current period  
and therefore are not reported in the government fund.

Other postemployment benefit obligation		<u>(15,547)</u>
---	--	-----------------

<b>Net Position of Governmental Activities</b>	<b><u>\$ 1,488,110</u></b>
--	----------------------------

See notes to financial statements.

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

**Terrebonne Parish Recreation District No. 4**

For the year ended December 31, 2016

	General Fund	Adjustments (Exhibit D)	Statement of Activities
<b>Revenues</b>			
Taxes	\$ 505,671		\$ 505,671
Intergovernmental:			
State of Louisiana:			
State revenue sharing	8,462		8,462
Terrebonne Parish Consolidated Government	20,000		20,000
Charges for services	9,349		9,349
Miscellaneous:			
Interest	1,866		1,866
Other	53		53
Total revenues	<u>545,401</u>		<u>545,401</u>
<b>Expenditures/Expenses</b>			
Current:			
General government:			
Ad valorem tax adjustment	10,408		10,408
Ad valorem tax deductions	16,652		16,652
Total general government	<u>27,060</u>		<u>27,060</u>
Culture and recreation:			
Personal services	193,965	\$ 855	194,820
Supplies and materials	42,154	4,546	46,700
Other services and charges	117,484	-	117,484
Repairs and maintenance	34,558	-	34,558
Depreciation	-	49,731	49,731
Total culture and recreation	<u>388,161</u>	<u>55,132</u>	<u>443,293</u>
Capital outlay	<u>131,180</u>	<u>(131,180)</u>	<u>-</u>
Total expenditures/expenses	<u>546,401</u>	<u>(76,048)</u>	<u>470,353</u>
<b>Excess of Expenditures over Revenues</b>	(1,000)	1,000	-
<b>Change in Net Position</b>	-	75,048	75,048
<b>Fund Balance/Net Position</b>			
Beginning of year	<u>1,008,644</u>	<u>404,418</u>	<u>1,413,062</u>
End of year	<u>\$ 1,007,644</u>	<u>\$ 480,466</u>	<u>\$ 1,488,110</u>

See notes to financial statements.

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

**Terrebonne Parish Recreation District No. 4**

For the year ended December 31, 2016

<b>Net Change in Fund Balance - Governmental Fund</b>	<b>\$ (1,000)</b>
---	-------------------

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	\$ 131,180	
Depreciation expense	<u>(49,731)</u>	81,449

The net effect of various miscellaneous transactions involving capital assets, such as sales, trade-ins and dispositions, is to decrease net position.	(4,546)
---	---------

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

Other post employment benefits	<u>(855)</u>
--------------------------------	--------------

<b>Change in Net Position of Governmental Activities</b>	<b><u>\$ 75,048</u></b>
--	-------------------------

See notes to financial statements.

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

**Terrebonne Parish Recreation District No. 4**

For the year ended December 31, 2016

	<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	\$ 440,000	\$ 451,000	\$ 505,671	\$ 54,671
Intergovernmental:				
State of Louisiana:				
State revenue sharing	2,500	2,500	8,462	5,962
Terrebonne Parish Consolidated Government	23,000	20,000	20,000	-
Charges for services	9,100	9,100	9,349	249
Miscellaneous:				
Interest	600	600	1,866	1,266
Other	-	-	53	53
Total revenues	<u>475,200</u>	<u>483,200</u>	<u>545,401</u>	<u>62,201</u>
<b>Expenditures</b>				
Current:				
General government:				
Ad valorem tax adjustment	2,844	2,844	10,408	(7,564)
Ad valorem tax deductions	<u>5,290</u>	<u>5,290</u>	<u>16,652</u>	<u>(11,362)</u>
Total general government	<u>8,134</u>	<u>8,134</u>	<u>27,060</u>	<u>(18,926)</u>
Culture and recreation:				
Personal services	208,520	200,520	193,965	6,555
Supplies and materials	51,200	44,200	42,154	2,046
Other services and charges	115,250	133,050	117,484	15,566
Repairs and maintenance	<u>47,500</u>	<u>55,500</u>	<u>34,558</u>	<u>20,942</u>
Total culture and recreation	<u>422,470</u>	<u>433,270</u>	<u>388,161</u>	<u>45,109</u>
Capital outlay	<u>21,500</u>	<u>109,500</u>	<u>131,180</u>	<u>(21,680)</u>
Total expenditures	<u>452,104</u>	<u>550,904</u>	<u>546,401</u>	<u>4,503</u>
<b>Excess (deficit) of Revenues over Expenditures</b>	23,096	(67,704)	(1,000)	66,704
<b>Fund Balance</b>				
Beginning of year	<u>827,919</u>	<u>1,008,644</u>	<u>1,008,644</u>	<u>-</u>
End of year	<u>\$ 851,015</u>	<u>\$ 940,940</u>	<u>\$ 1,007,644</u>	<u>\$ 66,704</u>

See notes to financial statements.

## **NOTES TO FINANCIAL STATEMENTS**

### **Terrebonne Parish Recreation District No. 4**

December 31, 2016

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

The accounting policies of Terrebonne Parish Recreation District No. 4 (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, 2016.

GASB No. 14, *The Financial Reporting Entity*, GASB 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 Statements No. 14 and No. 34* established the criterion for determining which component units should be considered part of the District for financial reporting purposes. The basic criteria are as follows:

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

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

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

**b) Basis of Presentation**

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

**Government-wide Financial Statements:**

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

**Fund Financial Statements:**

The daily accounts and operations of the District continue to be 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, 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 assets. Governmental funds are maintained on the modified accrual basis of accounting.

Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Ad valorem taxes and the related state revenue sharing (intergovernmental revenue) are recognized as revenue in the period for which levied, thus the 2016 property taxes which are being levied to finance the 2017 budget will be recognized as revenue in 2017. The 2016 tax levy is recorded as unavailable revenue in the District's 2016 financial statements. Charges for services are recorded when earned since they are measurable and available. Miscellaneous revenues are recorded as revenues when received in cash by the District because they are generally not measurable until actually received.

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

**d) Use of Estimates**

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



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

**e) Operating Budgetary Data**

As required by the Louisiana Revised Statutes 39:1303, the Board of Commissioners (the Board) adopted a budget for the District's General Fund. Any amendment involving the transfer of monies from one function to another or increases in expenditures must be approved by the Board. The District amended its budget once during the year. All budgeted amounts that are not expended, or obligated through contracts, lapse at year-end.

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

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

**f) Accounts Receivable**

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

**g) Investments**

Investments consist of certificates of deposit that are stated at cost and approximate market value.

**h) Capital Assets**

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

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 \$350 or more and a useful life greater than one year are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

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

**h) Capital Assets (continued)**

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	10 - 40 years
Improvements other than buildings	10 - 30 years
Machinery and equipment	5 - 25 years
Office furniture, fixtures and equipment	5 - 20 years

**Fund Financial Statements:**

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

**i) 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.

**j) Vacation and Sick Leave**

Employees of the District can earn 96 hours or 136 hours of vacation leave, depending on their length of employment. Accumulated vacation leave is due to the employee at the time of termination or death. The vacation policy provides that on his or her anniversary date the employee will be allowed to carry over 96 hours or 136 hours maximum each year. Employees of the District earn 56 hours sick leave per year and are permitted to accumulate a maximum of 480 hours. Upon retirement, termination or death employees are not compensated for accumulated sick leave. Accumulated vacation at December 31, 2016 is not material to the financial statements.

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

**k) Fund Equity**

Government-wide Statements:

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

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets, if any. At December 31, 2016 the District had no outstanding borrowings.
- b. Restricted net position – Consists of assets and deferred outflow of resources less liabilities and deferred inflow of resources (net position) with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted resources as they are needed. As of December 31, 2016 and for the year then ended, the District did not have or receive restricted resources.

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 nonspendable 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.

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

**k) Fund Equity (continued)**

- 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 Chairman of the Board of Commissioners 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 unassigned as of December 31, 2016.

**l) New GASB Statements**

During the year ending December 31, 2016, the District implemented the following GASB Statements:

Statement No. 72, *"Fair Value Measurement and Application."* This Statement addresses accounting and financial reporting issues related to fair value measurement. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

Statement 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."* The Statement completes the suite of pension standards and establishes requirements for those pensions and pension plans that are not administered through a trust meeting specified criteria (in other words, those not covered by Statements 67 and 68). This Statement did not affect the District's financial statements.

Statement No. 76, *"The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments."* The objective of this Statement is to identify the hierarchy of generally accepted accounting principles (GAAP).



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

**I) New GASB Statements (continued)**

Statement No. 77, "*Tax Abatement Disclosures*" defines tax abatements as reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments. This Statement requires disclosures of the government's own tax abatement agreements and those tax abatement agreements of other governments that reduce the government's revenue.

Statement No. 78, "*Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*" amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. This Statement did not affect the District's financial statements.

Statement No. 79, "*Certain External Investment Pools and Pool Participants*" establishes accounting and financial reporting standards for qualifying external investment pools that elect to measure for financial reporting purposes all of their investments at amortized cost. This Statement also establishes accounting and financial reporting standards for state and local governments that participate in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost. The provisions in paragraphs 18, 19, 23-26 and 40 are effective for periods beginning after December 15, 2015. 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. 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

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

**I) New GASB Statements (continued)**

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. The statement will be effective for periods beginning after June 15, 2016. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 75, *“Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions.”* replaces the requirements of GASB Statement No. 45. This Statement requires governments to report a liability on the face of the financial statements for the OPEB that they provide: governments that are responsible only for OPEB liabilities related to their own employees and that provide OPEB through a defined benefit OPEB plan administered through a trust that meets specified criteria will report a net OPEB liability, governments that participate in a cost-sharing OPEB plan that is administered through a trust that meets the specified criteria will report a liability equal to their proportionate share of the collective OPEB liability for all entities participating in the cost-sharing plan and governments that do not provide OPEB through a trust that meets specified criteria will report the total OPEB liability related to their employees. 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. 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. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. Management has not yet determined the effect of this Statement on the 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

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

**1) New GASB Statements (continued)**

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. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2016. Management has not yet determined the effect of this statement on the financial statements.

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. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2016. Management has not yet determined the effect of this Statement on the financial statements.

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

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

**I) New GASB Statements (continued)**

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 topics covered, GASB is allowing the option of early implementation for single topics. Management has not yet determined the effect of this statement on the financial statements.

**Note 2 - DEPOSITS**

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

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

The year-end balances of deposits are as follows:

	<u>Bank Balances</u>	<u>Reported Amounts</u>
Cash	\$ 249,967	\$ 244,028
Investments - certificates of deposit	<u>798,629</u>	<u>798,629</u>
Totals	<u>\$ 1,048,596</u>	<u>\$ 1,042,657</u>

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a written policy for custodial credit risk but does comply with state law in custodial activities. As of December 31, 2016, \$434,100 of the District's bank balance of \$1,048,596 was exposed to custodial credit



**Note 2 - DEPOSITS (Continued)**

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 by state statutes.

At December 31, 2016, cash and certificates of deposit in excess of FDIC insurance were 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 the pledged securities are considered subject to custodial credit risk under the provisions of GASB Statement 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

**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, 2016 was \$6.85 per \$1,000 of assessed valuation on property within Recreation District No. 4 for the purpose of maintaining and operating recreational facilities within the District. As indicated in Note 1c, taxes levied November 1, 2016 are for budgeted expenditures in 2017 and will be recognized as revenues in 2017.

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

Amounts due from other governmental units at December 31, 2016 consisted of the following:

State of Louisiana - State revenue sharing	\$ 5,805
Terrebonne Parish Tax Collector - December 2016	
collections remitted to the District in January 2017:	
Ad valorem taxes	131,046
State revenue sharing	<u>2,903</u>
Total	<u>\$ 139,754</u>

**Note 5 - CHANGES IN CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2016 was as follows:

	Balance January 1, 2016	Additions	Deletions	Balance December 31, 2016
Capital assets not being depreciated:				
Land	\$ 84,503	\$ -	\$ -	\$ 84,503
Construction in progress	3,241	98,738	101,979	-
Total capital assets not being depreciated	<u>87,744</u>	<u>98,738</u>	<u>101,979</u>	<u>84,503</u>
Capital assets being depreciated:				
Buildings	507,543	\$ 101,979	\$ 2,740	606,782
Improvements other than buildings	663,835	18,270	-	682,105
Machinery and equipment	176,989	10,943	7,845	180,087
Office furniture, fixtures and equipment	18,064	3,229	-	21,293
Total capital assets being depreciated	<u>1,366,431</u>	<u>134,421</u>	<u>10,585</u>	<u>1,490,267</u>
Less accumulated depreciation for:				
Buildings	(465,284)	(6,861)	(1,986)	(470,159)
Improvements other than buildings	(470,527)	(30,892)	-	(501,419)
Machinery and equipment	(84,881)	(10,317)	(4,053)	(91,145)
Office furniture, fixtures and equipment	(14,373)	(1,661)	-	(16,034)
Total accumulated depreciation	<u>(1,035,065)</u>	<u>(49,731)</u>	<u>(6,039)</u>	<u>(1,078,757)</u>
Total capital assets being depreciated, net	<u>331,366</u>	<u>84,690</u>	<u>4,546</u>	<u>411,510</u>
Total capital assets, net	<u>\$ 419,110</u>	<u>\$ 183,428</u>	<u>\$ 106,525</u>	<u>\$ 496,013</u>

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

Accounts payable and accrued expenditures at December 31, 2016 consisted of the following:

Vendors	\$ 4,807
Payroll taxes	<u>2,412</u>
Total governmental funds	<u>\$ 7,219</u>

**Note 7 - LEASE COMMITMENTS**

The District has a 10 year operating lease for use of land for recreational purposes which terminates May 31, 2024, for an annual rental of \$800. The District has the option for an additional five years at an annual rental rate of \$900, and a second five year option at an annual rental rate of \$1,000.

The District does not have the right to assign or sublet this lease to anyone other than a public body who shall use the property for recreational purposes. Within 30 days after termination of the lease, the District shall remove any and all buildings and/or improvements placed on the premises. Failure to remove such items shall cause items to become property of the lessor without any obligation on its part. Rent expense for the District during 2016 was \$800.

**Note 8 - 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; natural disasters; and group health benefits for which the District carries commercial insurance and participates in the Parish's risk management program for general liability, workers' compensation and group health. No settlements were made during the year that exceeded the District's insurance coverage. The District's premiums for general liability are based on various factors such as operations and maintenance budget, exposure and claims experience. The premiums for workers' compensation are based on a fixed percentage of payroll. The premiums for group insurance are based on a fixed rate per employee. The Parish handles all claims filed against the District. The District could have additional exposure for claims in excess of the Parish's insurance contracts as described on the next page:

<u>Policy</u>	<u>Coverage Limits</u>
General Liability	\$10,000,000
Workers' Compensation	Statutory

Coverage for general liability claims in excess of the above stated limits are to be funded first by assets of the Parish's risk management internal service fund, \$4,731,868 at December 31, 2015, then secondly by the District. The Parish is self-insured for the first \$175,000 of each claim relating to group health insurance. The aggregate deductible for all group claims relating to group insurance for 2015 was \$16,194,282. Insurance contracts cover the excess liability on individual claims. Covered employees are subject to a lifetime maximum claims limit. Coverage for group health claim liabilities are to be funded first by assets of the Parish's group health internal service fund, \$1,825,534 at December 31, 2015, then secondly by the District. Worker's compensation claims in excess of \$500,000 are covered under an insurance contract for claims aggregate up to

**Note 8 - RISK MANAGEMENT (Continued)**

limits are to be funded first by assets of the Parish's workers' compensation internal service fund. At December 31, 2016, the District had no claims in excess of the above coverage limits. Expenditures for premiums to the Parish for insurance coverage's during the year ended December 31, 2016 totaled \$43,472.

**Note 9 - POSTEMPLOYMENT HEALTHCARE BENEFITS**

**Plan Description**

The District administers a single employer defined benefit healthcare plan (the Plan). The Plan provides for the payment of medical, dental and life insurance premiums for eligible employees, retirees and their dependents as approved by the Board of Commissioners. For employees retired January 1, 2005, the District funds the entire premium for all benefits on employees retiring with at least ten years of service upon retiring from the formal retirement systems. District employees retiring on or after January 1, 2005 and hired before January 1, 2014 with at least ten years of permanent full-time creditable service with the District shall be eligible to participate in the Plan approved by the Board of Commissioners under the following vesting schedule: 1 to 15 years of service, 2.75% per year; 16 to 20 years of service, 41.25% plus 3.75% per year; 21 years or more of service, 60% plus 4.25% per year of service over 20 years of service, limited to 80.0% of the premium. Employees hired after or on January 1, 2013 with at least 30 years of permanent full-time creditable service and at least age 55 shall be eligible to participate in the approved Plan with benefits limited to 80.0% of premium. A retired employee may provide dependent hospitalization coverage at applicable dependent rates. The District does not issue a publicly available financial report on the Plan.

**Funding Policy**

The District fully funds required premiums based on pay-as-you-go financing requirements. For fiscal year 2016 the District paid \$7,136 for the retirees' current year premiums.

**Annual OPEB Cost and Net OPEB Obligation**

The District's annual OPEB cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The table below shows the components of the District's annual OPEB cost for the year, the premiums actually paid and changes in the District's net OPEB asset.

**Note 9 - POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)**

Annual required contribution (ARC)	\$ 9,487
Interest adjustment to net OPEB obligation	(525)
Adjustments to ARC	<u>514</u>
Annual OPEB cost (expense)	9,476
Contributions made	<u>(8,621)</u>
Increase in Net OPEB obligation	855
Net OPEB obligation - beginning of year	<u>14,692</u>
Net OPEB obligation - end of year	<u>\$ 15,547</u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB liability as of December 31, 2016 is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Liability
12/31/2014	\$ 6,387	91.64%	\$ 16,052
12/31/2015	\$ 6,387	121.29%	\$ 14,692
12/31/2016	\$ 9,476	90.98%	\$ 15,547

**Funded Status and Funding Progress**

As of January 1, 2016, the most recent actuarial valuation date, the unfunded actuarial accrued liability (UAAL) was \$185,649. Covered payroll for eligible employees was \$46,807 and the total UAAL represents 396.6 percent of covered payroll.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information, presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Actuarial Methods and Assumptions**

Projection of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and eligible employees and retirees) and include the types of benefits provided at the time of each valuation and on the historical pattern of sharing benefit costs between the employer and eligible employees and retirees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of plan assets.



**Note 9 - POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)**

In January 1, 2016 actuarial valuations, the entry age-normal actuarial cost method was used. The actuarial assumptions included a 3.5 percent investment rate of return (discount rate), a 3.0 percent expected increase in payroll and annual medical cost trend rate of 7.0 percent initially, reduced by decrements to an ultimate rate of 5.0 percent after five years. The annual dental cost trend was initially 3.5 percent, reduced by decrements to an ultimate rate of 3.0 percent after three years. Zero trends were assumed for valuing life insurance. Other assumptions include (1) expenses per participant per month are expected to increase with inflation at 2.5 percent per annum, (2) 60 percent of employees will choose to continue basic life insurance benefits, (3) family coverage includes a spouse and no children, and (4) male spouses are three years older than females. The RPH - 2014 Employee Mortality Table was used for pre-retirement, while post-retirement used RPH - 2014 Healthy Annuitant Mortality Table. Generational with Projection Scale MP - 2015 was applied to the tables. The UAAL is being amortized over an open 30 year period using the level percent of payroll method with an assumption that payroll increases by 3 percent per year. The remaining amortization period at January 1, 2016 was 21 years.

**Note 10 - DEFERRED COMPENSATION PLAN**

The District offers its director participation in the Louisiana Public Employees Deferred Compensation Plan adopted by the Louisiana Deferred Compensation Commission and established in accordance with Internal Revenue Code Section 457. Complete disclosures relating to the Plan are included in the separately issued audit report for the Plan, available from the Louisiana Legislative Auditor, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397. The District's contribution to the Plan for the year ended December 31, 2016 was \$4,213.

**Note 11 - COMPENSATION OF BOARD MEMBERS**

The following amounts were paid to Board Members for the year ended December 31, 2016:

<u>Board Members</u>	<u>Number of Meetings Attended</u>	<u>Per Diem</u>
Pamela Carlos	9	\$ 225
Reggie Fazio	1	- **
Lawrence Gautier	13	300
Louis Pitre	13	- *
Janie Trosclair	5	125 ***
Kirby Verret	14	300
Total		<u>\$ 950</u>

\* Louis Pitre waived his right to receive a per diem.

\*\* Reggie Fazio waived his right to receive a per diem and resigned from the board in August 2016.

\*\*\* Janie Trosclair became a board member in August 2016.

**Note 12 - STATE OF LOUISIANA TAX ABATEMENTS**

The District's ad valorem tax revenues were reduced by \$99,820 under agreements entered into by the State of Louisiana.

**Note 13 - SUBSEQUENT EVENTS**

Management evaluates events occurring subsequent to the date of financial statements in determining the accounting for and disclosure of transactions and events that effect the financial statements. Subsequent events have been evaluated through April 6, 2017, which is the date the financial statements were available to be issued.

## **REQUIRED SUPPLEMENTARY INFORMATION**



# SCHEDULE OF FUNDING PROGRESS FOR THE OPEB PLAN

## Terrebonne Parish Recreation District No. 4

December 31, 2016

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as of Percentage of Covered Payroll ((b-a)/c)
1/1/2010	-	\$ 143,271	\$ 143,271	0.00%	\$ 36,007	397.90%
1/1/2012	-	134,109	134,109	0.00%	38,407	349.18%
1/1/2014	-	132,760	132,760	0.00%	38,407	345.67%
1/1/2016	-	185,649	185,649	0.00%	46,807	396.63%

## **SUPPLEMENTARY INFORMATION**

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

**Terrebonne Parish Recreation District No. 4**

December 31, 2016

**Agency Head Name:** Craig Luke

<b>Purpose</b>	<b>Amount</b>
Salary	\$ 46,807
Benefits - insurance	19,972
Benefits - retirement	4,213
Benefits - other	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Travel	-
Reimbursements- Milage	2,273
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Meals	-
	<hr/>
	<b>\$ 73,265</b>
	<hr/>

Note: Craig Luke is the Director of the District and functions as the Chief Executive Officer.

**SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS**

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

To the Board of Commissioners  
Terrebonne Parish Recreation District No. 4  
Dulac, 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. 4 (the District) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise District's financial statements and have issued our report thereon dated April 6, 2017.

**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,  
April 6, 2017.

## **SCHEDULE OF FINDINGS AND RESPONSES**

### **Terrebonne Parish Recreation District No. 4**

For the year ended December 31, 2016

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

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

Type of auditor's report issued: unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?                      ☐ yes    ☒ no

##### **b) Federal Awards**

Terrebonne Parish Recreation District No. 4 did not expend federal awards in excess of \$750,000 during the year ended December 31, 2016 and therefore is exempt from the audit requirements under the Uniform Administrative 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, 2016.

#### **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. 4**

For the year ended December 31, 2016

#### **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, 2015. No significant deficiencies were reported during the audit for the year ended December 31, 2015.

##### **Compliance**

No compliance findings material to the financial statements were noted during the audit for the year ended December 31, 2015.

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

Terrebonne Parish Recreation District No. 4 did not expend federal awards in excess of \$750,000 during the year ended December 31, 2015 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, 2015.

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

### **Terrebonne Parish Recreation District No. 4**

For the year ended December 31, 2016

#### **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, 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. 4 did not expend federal awards in excess of \$750,000 during the year ended December 31, 2016 and therefore is exempt from the audit requirements under the Uniform 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, 2016.