

Financial Report

Terrebonne Parish Recreation District No. 5

Bourg, Louisiana

For the year ended December 31, 2017

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Terrebonne Parish Recreation District No. 5

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. 5,
Bourg, Louisiana.

We have audited the accompanying financial statements of the governmental activities and the General Fund of Terrebonne Parish Recreation District No. 5, State of Louisiana (the District), a component unit of Terrebonne Parish Consolidated Government, State of Louisiana, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the General Fund of Terrebonne Parish Recreation District No. 5 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 8 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 Terrebonne Parish Recreation District No. 5's basic financial statements. The accompanying supplementary information, on page 29, 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 20, 2018 on our consideration of Terrebonne Parish Recreation District No. 5'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 20, 2018.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Terrebonne Parish Recreation District No. 5

Management's Discussion and Analysis of the Terrebonne Parish Recreation District No. 5'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 and deferred inflows of resources at the close of fiscal year 2017 by \$2,014,538 (net position), which represents an 8.03% increase from last fiscal year.

The District's revenue decreased \$24,856 (or 7.74%) primarily due to decreases in ad valorem tax collections.

The District's expenses increased \$14,064 (or 10.62%) primarily due to increases in 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, and liabilities 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 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 for the General Fund in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. 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, 2017, assets exceeded liabilities by \$2,014,538. A large portion of the District's net position (44.56%) reflects its investment in capital assets (e.g., land; construction in progress; buildings and improvements; and machinery and equipment). Consequently, these assets are not available for future spending.

Condensed Statements of Net Position

	December 31,		Dollar Change
	2017	2016	
Current and other assets	\$ 1,394,878	\$ 1,409,339	\$ (14,461)
Capital assets	897,723	745,964	151,759
Total assets	<u>2,292,601</u>	<u>2,155,303</u>	<u>137,298</u>
Current and other liabilities	5,103	6,998	(1,895)
Unavailable revenue	272,960	283,585	(10,625)
Total liabilities	<u>278,063</u>	<u>290,583</u>	<u>(12,520)</u>
Net Position:			
Net investment in capital assets	897,723	745,964	151,759
Unrestricted	1,116,815	1,118,756	(1,941)
Total net position	<u>\$ 2,014,538</u>	<u>\$ 1,864,720</u>	<u>\$ 149,818</u>

Governmental Activities

Governmental activities increased the District's net position by \$149,818. Key elements of this increase are as follows:

Condensed Statements of Activities

	For the Year Ended December 31,		Dollar Change	Total Percent Change
	2017	2016		
Revenues:				
Taxes	\$ 275,487	\$ 302,300	\$ (26,813)	-8.87%
Intergovernmental	17,871	17,044	827	4.85%
Unrestricted investment earnings	2,899	1,769	1,130	63.88%
Total revenues	<u>296,257</u>	<u>321,113</u>	<u>(24,856)</u>	<u>-7.74%</u>
Expenses:				
General government	13,987	13,346	641	4.80%
Culture and recreation	132,452	119,029	13,423	11.28%
Total expenses	<u>146,439</u>	<u>132,375</u>	<u>14,064</u>	<u>10.62%</u>
Increase in net position	149,818	188,738	(38,920)	-20.62%
Net position, beginning of year	1,864,720	1,675,982	188,738	11.26%
Net position, end of year	<u>\$ 2,014,538</u>	<u>\$ 1,864,720</u>	<u>\$ 149,818</u>	<u>8.03%</u>

In 2017, the District's ad valorem tax revenue decreased due to collection of prior year taxes in 2016. The net increase in culture and recreation expenses is due to increases in repairs and maintenance of District facilities.

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 \$1,113,195, which is a decrease of \$1,679 (0.15%) in comparison with the prior year.

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 decreased by \$18,176 to reflect actual collections.

Expenditures

- Capital outlay decreased by \$18,533 due to delayed construction of the Bourg Sports Complex until bond funding can be obtained. Bond funding was approved by the citizens of the District in October 2017, and construction will begin when bond funding becomes available.
- Supplies and materials decreased by \$5,278 to better reflect the expenditures incurred by the District.
- Repairs and maintenance decreased by \$11,892 to better reflect the expenditures incurred by the District.

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

CAPITAL ASSETS

Capital Assets

The District's net investment in capital assets for its governmental activities as of December 31, 2017, amounts to \$897,723 (net of accumulated depreciation). This investment in capital assets includes land, construction-in-progress, buildings and improvements, and machinery and equipment (see the table on the following page).

	<u>2017</u>	<u>2016</u>
Land	\$ 210,694	\$ 210,694
Construction in progress	197,434	20,430
Buildings and improvements	867,824	867,824
Machinery and equipment	<u>229,201</u>	<u>224,881</u>
Totals	<u>\$ 1,505,153</u>	<u>\$ 1,323,829</u>

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

- Engineering Services for the Ballfield Complex Restroom/Concession Stand Project totaled \$23,262.
- Contractor Services for Site Grading and Embankment for the Ballfield Complex totaled \$153,742.
- The District also added a security camera system for \$4,320.

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 2018 budgeted amount for repairs and maintenance will remain consistent with the prior year because the District does not expect any major increases in revenue.
- A \$2,000,000 bond issue to build the Bourg Sports Complex was approved by voters.

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. 5, 118 Retreat Drive, Bourg, LA 70343.

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

Terrebonne Parish Recreation District No. 5

December 31, 2017

	<u>General Fund</u>	<u>Adjustments (Exhibit B)</u>	<u>Statement of Net Position</u>
Assets			
Cash	\$ 1,009,915		\$ 1,009,915
Investments	142,296		142,296
Receivables - taxes	86,983		86,983
Prepaid insurance	-	\$ 3,620	3,620
Due from other governmental units	152,064	-	152,064
Capital assets:			
Non-depreciable	-	408,128	408,128
Depreciable, net of accumulated depreciation	-	489,595	489,595
Total assets	<u>\$ 1,391,258</u>	<u>901,343</u>	<u>2,292,601</u>
Liabilities			
Due to other governmental units	\$ 471	-	471
Accounts payable and accrued expenditures	4,632	-	4,632
Total liabilities	5,103	-	5,103
Deferred Inflows of Resources			
Unavailable revenue	272,960	-	272,960
Total liabilities and deferred inflows of resources	278,063	-	278,063
Fund Balance/Net Position			
Fund balance:			
Unassigned	1,113,195	(1,113,195)	-
Total liabilities and fund balance	<u>\$ 1,391,258</u>	<u>(1,113,195)</u>	<u>278,063</u>
Net position:			
Net investment in capital assets		897,723	897,723
Unrestricted		1,116,815	1,116,815
Total net position		<u>\$ 2,014,538</u>	<u>\$ 2,014,538</u>

See notes to financial statements.

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

Terrebonne Parish Recreation District No. 5

December 31, 2017

Fund Balances - Governmental Fund		\$ 1,113,195
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	\$ 1,505,153	
Less accumulated depreciation	<u>(607,430)</u>	897,723
Other assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Prepaid insurance		<u>3,620</u>
Net Position of Governmental Activities		<u><u>\$ 2,014,538</u></u>

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. 5

For the year ended December 31, 2017

	<u>General Fund</u>	<u>Adjustments (Exhibit D)</u>	<u>Statement of Activities</u>
Revenues			
Taxes	\$ 275,487		\$ 275,487
Intergovernmental:			
State of Louisiana:			
State revenue sharing	17,871		17,871
Miscellaneous:			
Interest	2,899		2,899
Total revenues	<u>296,257</u>		<u>296,257</u>
Expenditures/Expenses			
Current:			
General government:			
Ad valorem tax adjustments	4,481		4,481
Ad valorem tax deductions	9,506		9,506
Total general government	<u>13,987</u>		<u>13,987</u>
Culture and recreation:			
Personal services	54,570		54,570
Supplies and materials	2,895		2,895
Other services and charges	29,491	\$ 262	29,753
Repairs and maintenance	15,669	-	15,669
Depreciation	-	29,565	29,565
Total culture and recreation	<u>102,625</u>	<u>29,827</u>	<u>132,452</u>
Capital outlay	<u>181,324</u>	<u>(181,324)</u>	<u>-</u>
Total expenditures/expenses	<u>297,936</u>	<u>(151,497)</u>	<u>146,439</u>
Excess (deficiency) of Revenues over Expenditures	(1,679)	1,679	-
Change in Net Position	-	149,818	149,818
Fund Balance/Net Position			
Beginning of year	<u>1,114,874</u>	<u>749,846</u>	<u>1,864,720</u>
End of year	<u>\$ 1,113,195</u>	<u>\$ 901,343</u>	<u>\$ 2,014,538</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. 5

For the year ended December 31, 2017

Net Change in Fund Balance - Governmental Fund \$ (1,679)

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	\$ 181,324	
Depreciation expense	<u>(29,565)</u>	151,759

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	<u>(262)</u>	
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\$ 149,818

Change in Net Position of Governmental Activities

See notes to financial statements.

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

Terrebonne Parish Recreation District No. 5

For the year ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 300,000	\$ 281,824	\$ 275,487	\$ (6,337)
Intergovernmental:				
State of Louisiana:				
State revenue sharing	18,000	17,871	17,871	-
Miscellaneous:				
Interest	950	1,603	2,899	1,296
Total revenues	<u>318,950</u>	<u>301,298</u>	<u>296,257</u>	<u>(5,041)</u>
Expenditures				
Current:				
General government:				
Ad valorem tax adjustment	2,300	3,844	4,481	(637)
Ad valorem tax deductions	9,100	9,502	9,506	(4)
Total general government	<u>11,400</u>	<u>13,346</u>	<u>13,987</u>	<u>(641)</u>
Culture and recreation:				
Personal services	53,800	54,969	54,570	399
Supplies and materials	12,000	6,722	2,895	3,827
Other services and charges	28,500	28,026	29,491	(1,465)
Repairs and maintenance	25,000	13,108	15,669	(2,561)
Total culture and recreation	<u>119,300</u>	<u>102,825</u>	<u>102,625</u>	<u>200</u>
Capital outlay	200,000	181,467	181,324	143
Total expenditures	<u>330,700</u>	<u>297,638</u>	<u>297,936</u>	<u>(298)</u>
Excess (deficiency) of revenues over expenditures	(11,750)	3,660	(1,679)	(5,339)
Fund Balance				
Beginning of year	177,696	1,114,874	1,114,874	-
End of year	<u>\$ 165,946</u>	<u>\$ 1,118,534</u>	<u>\$ 1,113,195</u>	<u>\$ (5,339)</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**Terrebonne Parish Recreation District No. 5**

December 31, 2017

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Terrebonne Parish Recreation District No. 5 (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*, and GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units-an amendment of GASB Statement No. 14* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus and Amendment of GASB 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, 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 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, when budgeted expenditures exceed \$500,000. Any amendment involving the transfer of monies from one function to another or increases in expenditures must be approved by the Board. In order to remain in compliance with State budgeting laws, the District amended its budget once during the year. All budgeted amounts that are not expended, or obligated through contracts, lapse at year-end.

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

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

f) Accounts Receivable

The financial statements for the District 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 consist of certificates of deposit which are stated at cost and approximate market value.

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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Capital Assets (continued)

Government-wide Financial Statements:

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets purchased or acquired with an original cost of \$250 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 and improvements	20 - 40 years
Machinery 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.

j) Long-Term Debt

The accounting treatment of long-term debt depends on whether they are reported in the government-wide or fund financial statements.

Government-wide Financial Statements:

All long-term debt to be repaid from governmental resources is reported as liabilities in the government-wide statements.

Fund Financial Statements:

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payments of principal and interest reported as expenditures.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Unavailable Revenues

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.

l) Vacation and Sick Leave

The District has no written vacation and sick leave policy in place. There is no accumulated unpaid vacation and sick leave at December 31, 2017.

m) 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 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, 2017 and for the year then ended, the District did not have or receive restricted resources.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m) Fund Equity (continued)

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.
- 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. Amounts may be assigned by a majority vote of the Board of Commissioners.
- e. Unassigned – all other spendable amounts.

For the classification of government 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, 2017.

n) New GASB Statements

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

Statement No. 74, “*Financial Reporting for Postemployment Benefit Plans other than Pension Plans*” addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria and follows the framework for financial reporting of defined benefit OPEB plans in Statement 45 by requiring a statement of fiduciary net position and a statement of changes in fiduciary net position.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n) New GASB Statements (continued)

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.

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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n) New GASB Statements (continued)

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

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

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n) New GASB Statements (continued)

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.

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 government's leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. Management has not yet determined the effect of this Statement on the financial statements.

Note 2 - DEPOSITS

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

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

The year-end balances of deposits are as follows:

	Bank Balances	Reported Amounts
Cash	\$ 1,014,536	\$ 1,009,915
Investments - certificates of deposit	142,296	142,296
Totals	\$ 1,156,832	\$ 1,152,211

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, which requires compliance with state law. As of December 31, 2017, \$764,536 of the District's bank balance of \$1,014,536 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 by state statutes.

At December 31, 2017, cash 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 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.

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 \$11.00 per \$1,000 of assessed valuation on property within Recreation District No. 5 for the purpose of maintaining and operating recreational facilities within the District. As indicated in Note 1c, taxes levied November 1, 2017 are for budgeted expenditures in 2018 and will be recognized as revenues in 2018. The 2017 tax assessment, less deductions for the assessor's retirement, has been reported as unavailable revenues in the December 31, 2017 balance sheet.

Note 4 - DUE FROM OTHER GOVERNMENTAL UNITS

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

State of Louisiana - State revenue sharing	\$ 11,838
Terrebonne Parish Tax Collector - December 2017 collections remitted to the District in January 2018:	
Ad valorem taxes	140,226

Total	<u><u>\$ 152,064</u></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:				
Construction in progress	\$ 20,430	\$ 177,004	\$ -	\$ 197,434
Land	210,694	-	-	210,694
Total capital assets not being depreciated	231,124	177,004	-	408,128
Capital assets being depreciated:				
Buildings and improvements	867,824	-	-	867,824
Machinery and equipment	224,881	4,320	-	229,201
Total capital assets being depreciated	1,092,705	4,320	-	1,097,025
Less accumulated depreciation for:				
Buildings and improvements	(453,862)	(19,373)	-	(473,235)
Machinery and equipment	(124,003)	(10,192)	-	(134,195)
Total accumulated depreciation	(577,865)	(29,565)	-	(607,430)
Total capital assets being depreciated, net	514,840	(25,245)	-	489,595
Total capital assets, net	\$ 745,964	\$ 151,759	\$ -	\$ 897,723

Construction in progress as of December 31, 2017 consists of the construction of restrooms, a concession stand and grading and embankment work related to the Bourg Sports Complex.

Note 6 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES

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

Vendors	\$ 3,543
Terrebonne Parish Consolidated	
Government	471
Payroll taxes	<u>219</u>
Total	\$ <u>4,233</u>

Note 7 - RISK MANAGEMENT

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

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

Coverage for general liability claims in excess of the above stated limits are to be funded first by assets of the Parish's risk management internal service fund, \$5,208,857 at December 31, 2016, then secondly by the District. Workers' compensation claims in excess of \$550,000 are covered under an insurance contract for claims aggregate up to limits are to be funded first by assets of the Parish's workers' compensation internal service fund. At December 31, 2017, the District had no claims in excess of the above coverage limits. Expenditures for premiums to the Parish for insurance coverages during the year ended December 31, 2017 totaled \$4,941.

Note 8 - COMPENSATION OF BOARD MEMBERS

The following amounts were paid to Board Members for the year ended December 31, 2017:

Board Members	Number of Meetings Attended	Per Diem
Gerald Arcenaux	9	\$ 225
Mike Aucoin	4	100
Travis Carrell	9	225
Kurt Charpentier	8	200
James Franks	6	150
Bert LeBoeuf	5	125
Kenny White	10	250
Total		\$ 1,275

Note 9 - SUBSEQUENT EVENTS

In May 2018, the District intends to issue bonds, not exceeding \$2,000,000, not to mature in more than 20 years and not to bear interest at rates exceeding 8% per annum. The bond proceeds shall be issued for the purpose of acquiring, constructing, improving and equipping parks, playgrounds and recreation centers. The bonds shall be payable from additional ad valorem taxes to be levied and collected for the purpose of paying such bonds.

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 20, 2018, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

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

Terrebonne Parish Recreation District No. 5

December 31, 2017

Agency Head Name: Kathleen Brunet

Purpose	Amount
Salary	\$ 9,600
Benefits - insurance	-
Benefits - retirement	-
Benefits - other	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Meals	-
	<hr/>
	\$ 9,600
	<hr/> <hr/>

Note: Kathleen Brunet is the supervisor 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. 5
Bourg, 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 General Fund of Terrebonne Parish Recreation District No. 5 (the District) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise District's financial statements and have issued our report thereon dated March 20, 2018.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material 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.

We noted certain matters that we reported to management of the District in a separate letter dated March 20, 2018.

District's Response to Management Letter Comment

The District's response to certain matters we reported to management of the District in a separate letter dated March 20, 2018 are described in the accompanying Management's Corrective Action Plan. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 20, 2018.

SCHEDULE OF FINDINGS AND RESPONSES

Terrebonne Parish Recreation District No. 5

For the year ended December 31, 2017

Section I Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? yes no

b) Federal Awards

Terrebonne Parish Recreation District No. 5 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 *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance)*.

Section II Financial Statement Findings

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

Section III Federal Award Findings and Questioned Costs

Not applicable.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

Terrebonne Parish Recreation District No. 5

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. 5 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 *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance)*.

Section III Management Letter

2016-001 **Recommendation** – We recommend the District file amended returns for Federal and State payroll taxes and request refunds for all overpayments.

Management Response – We will not file amended returns for Federal and State payroll taxes due to the cost of filing exceeding the refund amounts. Resolved.

2016 - 002 **Recommendation** – We recommend the Board publish minutes for the months of July through December 2016 in the official journal (The Courier) and continue to publish minutes immediately after adoption by the Board.

Management's Response – We will publish minutes for the months of July through December 2016 and continue to publish minutes immediately after adoption by the Board. See 2017-001.

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

(continued)

Terrebonne Parish Recreation District No. 5

For the year ended December 31, 2016

Section III Management Letter (continued)

2016 - 03 **Recommendation** – We recommend the District file late 1099 forms with the IRS for 2016. Also, we recommend the District obtain a Form W-9 from each vendor it conducts business with.

Management Response - We distributed 1099 forms and filed with the IRS for the years 2016 and 2017 and continue to file 1099 forms annually. We obtained a Form W-9 from each vendor that we conducted business with. Resolved.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Terrebonne Parish Recreation District No. 5

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

2017-001 **Recommendation** – We recommend the Board publish minutes for the months of July through December 2016 in the official journal (The Courier) and continue to publish minutes immediately after adoption by the Board.

Management's Response – We will publish minutes for the months of July through December 2016 and continue to publish minutes immediately after adoption by the Board.

MANAGEMENT'S CORRECTIVE ACTION PLAN

(continued)

Terrebonne Parish Recreation District No. 5

For the year ended December 31, 2017

Section III Management Letter (continued)

2017-002 **Recommendation** – We recommend the District adopt policies and procedures and ensure they are being followed. These policies and procedures should be approved by management and/or the Board and should be in place for the full year. The Louisiana Legislative Auditor provides some guidance through their publications of best practices, which can be found on their website (<https://www.la.gov/audit-resources/best-practices/index.shtml>).

The District's written policies and procedures should address each of the following financial/business functions as applicable:

- a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
- b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
- c) **Disbursements**, including processing, reviewing, and approving
- d) **Receipts**, including receiving, recording, and preparing deposits
- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

MANAGEMENT'S CORRECTIVE ACTION PLAN
(continued)

Terrebonne Parish Recreation District No. 5

For the year ended December 31, 2017

Section III Management Letter (continued)

- i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.
- j) ***Debt Service***, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Management's Response – The Board will give consideration to adopting written policies and procedures.