

Financial Report

Terrebonne Parish Recreation District No. 9

Houma, Louisiana

For the year ended December 31, 2018

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For the year ended December 31, 2018

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Terrebonne Parish Recreation District No. 9

For the year ended December 31, 2018

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners,
Terrebonne Parish Recreation District No. 9,
Houma, Louisiana.

We have audited the accompanying financial statements of the governmental activities and the General Fund of Terrebonne Parish Recreation District No. 9, State of Louisiana (the District), a component unit of Terrebonne Parish Consolidated Government, State of Louisiana, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the General Fund of Terrebonne Parish Recreation District No. 9 as of December 31, 2018, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Terrebonne Parish Recreation District No. 9 basic financial statements. The accompanying supplementary information, on page 32, 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 February 20, 2019 on our consideration of Terrebonne Parish Recreation District No. 9'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,
February 20, 2019.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Terrebonne Parish Recreation District No. 9

December 31, 2018

Management's Discussion and Analysis of the Terrebonne Parish Recreation District No. 9's financial performance presents a narrative overview and analysis of the District's financial activities for the year ended December 31, 2018. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The District's assets exceeded its liabilities at the close of fiscal year 2018 by \$3,863,133 (net position), which represents a 6.64% increase from last fiscal year.

The District's revenue increased \$2,430 (or 0.20%) primarily due to the increases in ad valorem taxes.

The District's expenses increased \$74,087 (or 8.32%) primarily due to the increases in personal services and other services and charges.

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 outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Over

Government-wide Financial Statements (Continued)

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 District's fund 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 10 - 14 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found in Exhibit F of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. As of December 31, 2018, assets exceeded liabilities and deferred inflows by \$3,863,133. A large portion of the District's net position (60.32%) reflects its net investment in capital assets (e.g., land; construction in progress; buildings and improvements; machinery and equipment; office furniture, fixtures and equipment). Consequently, these assets are not available for future spending.

Condensed Statements of Net Position

	December 31,		Dollar Change
	2018	2017	
Current and other assets	\$ 2,327,048	\$ 2,321,991	\$ 5,057
Capital assets	2,330,081	2,132,076	198,005
Total assets	4,657,129	4,454,067	203,062
Current liabilities	29,459	8,223	21,236
Deferred Inflows of resources	764,537	823,308	(58,771)
Total liabilities	793,996	831,531	(37,535)
Net Position:			
Net investment in capital assets	2,330,081	2,132,076	198,005
Unrestricted	1,533,052	1,490,460	42,592
Total net position	\$ 3,863,133	\$ 3,622,536	\$ 240,597

Governmental Activities

Governmental activities increased the District's net position by \$240,597. Key elements of this increase are as follows:

Condensed Statement of Activities

	For the Year Ended December 31,		Dollar Change	Total Percent Change
	2018	2017		
Revenues:				
Program revenues:				
Charges for services	\$ 305,723	\$ 294,386	\$ 11,337	3.85%
General revenues:				
Taxes	826,322	769,418	56,904	7.40%
Intergovernmental	24,836	115,493	(90,657)	-78.50%
Miscellaneous	48,762	23,916	24,846	103.89%
Total revenues	1,205,643	1,203,213	2,430	0.20%
Expenses:				
General government	54,789	47,410	7,379	15.56%
Culture and recreation	910,257	843,549	66,708	7.91%
Total expenses	965,046	890,959	74,087	8.32%
Increase in net position	240,597	312,254	(71,657)	-22.95%
Net position, beginning of year	3,622,536	3,310,282	312,254	9.43%
Net position, end of year	\$ 3,863,133	\$ 3,622,536	\$ 240,597	6.64%

Governmental Activities (Continued)

In 2018, the District's total revenues increased by \$2,430 due to increases in collection of ad valorem tax assessed in prior years. The increase in culture and recreation expenses is due to increases for the employee raises, Simple IRA 3% employer contribution and increases in professional fees and recreation program activities.

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 \$1,510,267, which is an increase of \$46,794 in comparison with the prior year. The fund balance is unassigned and available for spending at the District's discretion.

General Fund Budgetary Highlights

In order to maintain compliance with state budget laws, the budget was amended twice during the year. The major differences between the original General Fund budget and the final amended budget were as follows:

Revenues

- Charges for services was increased \$13,500, primarily to reflect increased revenue for concession and summer camp revenues.
- Interest was increased \$19,500 to reflect increase in interest earned on the LAMP Fund.

Expenditures

- Capital outlay was decreased by \$14,500 due to postponing some projects until the subsequent year.
- Other services and charges was increased by \$10,842 primarily due to an increase in professional fees related to the land purchase and Mulberry Park.
- Personal services was increased by \$3,011 due to the District approving a 3% cost of living raise and an additional 7% pay increase for all full time employees. Personal services also increased due to higher group health insurance premiums and Simple IRA 3% employer contribution.

During the year, budgetary estimates exceeded actual revenues and budgetary expenditures exceeded the actual expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's net investment in capital assets for its governmental activities as of December 31, 2018, amounts to \$2,330,081 (net of accumulated depreciation). This net investment in capital assets includes land, buildings and improvements, machinery and equipment and office furniture, fixtures and equipment, as follows.

	<u>2018</u>	<u>2017</u>
Land	\$ 214,005	\$ 111,208
Construction in progress	-	7,797
Buildings and improvements	3,370,000	3,166,432
Machinery and equipment	518,718	515,591
Office furniture, fixtures, and equipment	<u>24,288</u>	<u>21,060</u>
Totals	<u>\$ 4,127,011</u>	<u>\$ 3,822,088</u>

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

- The District purchased 6 acres of property, boat launch parking property and the building located across from the boat launch.
- The District purchased limestone for the new boat launch parking.
- The District installed new outdoor exercise equipment at the Bayou Black facility.
- The District installed new inside doors at the Bayou Black facility.
- The District installed a new pool circulation system at the Bayou Black facility.
- The District purchased new scoreboards for football/baseball and basketball at the Bayou Black facility.

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

The District has not incurred long-term debt or obligations as of December 31, 2018.

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:

- Facility rental income, concession income, boat launch income and recreation activities income are anticipated to remain the same as 2018; spray park income is anticipated to be slightly higher; day camp program revenues are anticipated to be less due to the District no longer qualifying to receive parish funded assistance for summer day camp.
- Expenditures have been carefully budgeted only to include the bare necessities of operating expenditures i.e., utilities, repairs, employee wages, etc.
- A 7% pay increase plus a 3% cost of living increase for the District employees has been factored into the 2019 budget.
- Employer contributions for the Retirement/Simple IRA have been factored into the 2019 budget.

Below is a highlight of the larger budgeted capital expenditure projects:

- \$525,000 for bleachers, LED lighting and ball field renovations
- \$30,000 for various building improvements that may arise
- \$50,000 for tractor, bush-hog with z-turn mower
- \$25,000 for estimated drainage issues
- \$23,000 for spray park circulation system
- \$74,000 for pavilion installation with concrete and picnic tables

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. 9, 107 Verret Street, Houma, Louisiana 70360.

STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET**Terrebonne Parish Recreation District No. 9**

December 31, 2018

	General Fund	Adjustments (Exhibit B)	Statement of Net Position
Assets			
Cash and cash equivalents	\$ 1,604,136		\$ 1,604,136
Receivables - taxes	202,007		202,007
Due from other governmental units	498,120		498,120
Prepaid insurance	-	\$ 22,785	22,785
Capital assets:			
Non-depreciable	-	214,005	214,005
Depreciable, net of accumulated depreciation	-	2,116,076	2,116,076
Total assets	<u>\$ 2,304,263</u>	<u>2,352,866</u>	<u>4,657,129</u>
Liabilities			
Accounts payable and accrued expenditures	\$ 508	-	508
Due to Terrebonne Parish Consolidated Government	28,951	-	28,951
Total liabilities	29,459	-	29,459
Deferred inflows of resources			
Unavailable revenue - property taxes	764,537	-	764,537
Total liabilities and deferred inflows of resources	<u>793,996</u>	<u>-</u>	<u>793,996</u>
Fund Balances/Net Position			
Fund balances:			
Unassigned	1,510,267	(1,510,267)	-
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,304,263</u>	<u>(1,510,267)</u>	<u>793,996</u>
Net position:			
Net investment in capital assets		2,330,081	2,330,081
Unrestricted		1,533,052	1,533,052
Total net position		<u>\$ 3,863,133</u>	<u>\$ 3,863,133</u>

See notes to financial statements.

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

Terrebonne Parish Recreation District No. 9

December 31, 2018

Fund Balance - Governmental Fund	\$	1,510,267
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Amounts reported for governmental activities in
the Statement of Net Position are different because:

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

Governmental capital assets	\$ 4,127,011	
Less accumulated depreciation	<u>(1,796,930)</u>	2,330,081

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

Prepaid insurance	<u>22,785</u>
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Net Position of Governmental Activities	\$	<u><u>3,863,133</u></u>
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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. 9

For the year ended December 31, 2018

	General Fund	Adjustments (Exhibit D)	Statement of Activities
Revenues			
Taxes	\$ 826,322		\$ 826,322
Intergovernmental:			
State of Louisiana:			
State revenue sharing	24,836		24,836
Charges for services	305,723		305,723
Miscellaneous:			
Interest	30,796		30,796
Other	17,966		17,966
Total revenues	<u>1,205,643</u>		<u>1,205,643</u>
Expenditures/Expenses			
Current:			
General government:			
Ad valorem tax adjustment	26,939		26,939
Ad valorem tax deductions	27,850		27,850
Total general government	<u>54,789</u>		<u>54,789</u>
Culture and recreation:			
Personal services	451,668		451,668
Supplies and materials	35,448		35,448
Other services and charges	202,982	\$ 11,668	214,650
Repairs and maintenance	64,716	-	64,716
Capital outlay	349,246	(349,246)	-
Depreciation	-	143,775	143,775
Total culture and recreation	<u>1,104,060</u>	<u>(193,803)</u>	<u>910,257</u>
Total expenditures/expenses	<u>1,158,849</u>	<u>(193,803)</u>	<u>965,046</u>
Excess of revenues over expenditures	46,794	(46,794)	-
Change in Net Position	-	240,597	240,597
Fund Balance/Net Position			
Beginning of year	<u>1,463,473</u>	<u>2,159,063</u>	<u>3,622,536</u>
End of year	<u>\$ 1,510,267</u>	<u>\$ 2,352,866</u>	<u>\$ 3,863,133</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. 9

For the year ended December 31, 2018

Net Change in Fund Balance - Governmental Fund	\$	46,794
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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	\$	349,246	
Depreciation expense		<u>(143,775)</u>	
Excess of capital outlay over depreciation expense			205,471

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

Equipment dispositions			(7,466)
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Some expenses reported in the Statement of Activities do not
require the use of current financial resources and are not
reported as expenditures in the governmental funds.

Prepaid insurance			<u>(4,202)</u>
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Change in Net Position of Governmental Activities	\$	<u><u>240,597</u></u>
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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. 9

For the year ended December 31, 2018

	<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>
Revenues				
Taxes	\$ 796,000	\$ 800,500	\$ 826,322	\$ 25,822
Intergovernmental:				
State of Louisiana:				
State revenue sharing	24,000	24,837	24,836	(1)
Charges for services	309,500	323,000	305,723	(17,277)
Miscellaneous:				
Interest	9,500	29,000	30,796	1,796
Other	10,200	67,723	17,966	(49,757)
Total revenues	<u>1,149,200</u>	<u>1,245,060</u>	<u>1,205,643</u>	<u>(39,417)</u>
Expenditures				
Current:				
General government:				
Ad valorem tax adjustment	-	-	26,939	(26,939)
Ad valorem tax deductions	30,000	28,055	27,850	205
Total general government	<u>30,000</u>	<u>28,055</u>	<u>54,789</u>	<u>(26,734)</u>
Culture and recreation:				
Personal services	466,700	469,711	451,668	18,043
Supplies and materials	37,000	36,000	35,448	552
Other services and charges	186,500	197,342	202,982	(5,640)
Repairs and maintenance	85,000	85,200	64,716	20,484
Capital outlay	455,000	440,500	349,246	91,254
Total culture and recreation	<u>1,230,200</u>	<u>1,228,753</u>	<u>1,104,060</u>	<u>124,693</u>
Total expenditures	<u>1,260,200</u>	<u>1,256,808</u>	<u>1,158,849</u>	<u>97,959</u>
Excess of revenues over (deficit) expenditures	(111,000)	(11,748)	46,794	58,542
Fund Balance				
Beginning of year	<u>1,261,516</u>	<u>1,463,473</u>	<u>1,463,473</u>	<u>-</u>
End of year	<u>\$ 1,150,516</u>	<u>\$ 1,451,725</u>	<u>\$ 1,510,267</u>	<u>\$ 58,542</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

Terrebonne Parish Recreation District No. 9

December 31, 2018

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Terrebonne Parish Recreation District No. 9 (the "District") conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of significant accounting policies:

a) Reporting Entity

The District is a component unit of the Terrebonne Parish Consolidated Government (the "Parish") and as such, these financial statements will be included in the comprehensive annual financial report (CAFR) of the Parish for the year ended December 31, 2018.

GASB Statement No. 14, *The Financial Reporting Entity*, GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units-an amendment of GASB Statement No. 14*, and GASB Statement 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 are organized on the basis of a fund and account groups, each of which is considered a separate accounting entity. The operations of the fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred inflows of resources, equity, revenues and expenditures. Government resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The following is the governmental fund of the District:

General Fund - The General Fund is the general operating fund of the District. It is used to account for and report all financial resources except those that are required to be accounted for and reported in another fund. The General Fund is always a major 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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Measurement Focus and Basis of Accounting (Continued)

timing of related cash flows. Property taxes are recognized in the year for which they are levied.

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 2018 property taxes which are being levied to finance the 2019 budget will be recognized as revenue in 2019. The 2018 tax levy is reported as a deferred inflow of resources in the 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. The budgetary practices include public notice of the proposed budget, public inspection of the proposed budget, and a public hearing on the budget prior to adoption. Any amendment involving the transfer of monies from one function to another or increases in 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 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) 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.

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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) 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 \$400 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.

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	15 - 40 years
Machinery and equipment	5 - 20 years
Office furniture, fixtures, and equipment	5 - 12 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) Vacation and Sick Leave

The District has five full-time employees. Full-time employees are eligible to receive 5 days of vacation after 1 year of service, and can earn up to a maximum of 15 vacation days depending on their length of employment. Every full-time employee is also eligible for 5 sick days beginning on their employment date. Vacation and sick days are not due to employees upon termination or death, and earned but unused days do not carry over from one year to the next. Vacation and sick leave days are based on a policy of use or lose by December 31st each year. Accordingly, management has determined accumulated unpaid vacation as of December 31, 2018 is not material to the financial statements.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Deferred Inflows of Resources

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources until that time. The governmental fund reports unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District reports unavailable revenue when resources associated with imposed non-exchange revenue transactions are received or reported as a receivable before (a) the period for which property taxes are levied or (b) the period when resources are required to be used or when use is first permitted for all other imposed non-exchange revenues in which the enabling legislation includes time requirements.

k) 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. As of December 31, 2018, the District had no outstanding borrowings.
- b. Restricted - 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 - 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, 2018 and for the year then ended, the District did not have or receive restricted resources.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Fund Equity (Continued)

Fund Financial Statements:

Governmental fund equity is classified as fund balance. Fund balance is further classified as follows:

- a. Non-spendable - amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to maintain intact.
- b. Restricted - amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- c. Committed - amounts that can be used only for specific purposes determined by a formal action of the District's Board of Commissioners. Commitment 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 by that are intended to be used for specific purposes. Amounts may be assigned by a majority vote of the Board.
- 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, 2018.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I) New GASB Statements

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

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

Statement No. 85, *"Omnibus 2017."* On March 20, 2017, GASB issued *"Omnibus 2017"* covering four main topics: blending component units; goodwill, fair value measurement and application; and postemployment benefits. This Statement did not affect the District's financial statements.

Statement No. 86, *"Certain Debt Extinguishment Issues"* improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. This Statement did not affect the District's financial statements.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I) New GASB Statements (Continued)

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

Statement No. 83, "*Certain Asset Retirement Obligations*" addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 84, "*Fiduciary Activities*" improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 87, "*Leases*" increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I) New GASB Statements (Continued)

Earlier application is encouraged. Management has not yet determined the effect of this Statement on the financial statements.

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

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l) New GASB Statements (Continued)

Statement No. 90, "*Majority Equity Interest*" improves the consistency and comparability of reporting government's majority equity interest in legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as component unit. The requirements of this Statement are effective for reporting period beginning after December 15, 2018. Management has not yet determined the effect of this Statement on the financial statements.

Note 2 - DEPOSITS

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	<u>\$ 120,437</u>	<u>\$ 107,954</u>

Note 2 - DEPOSITS (Continued)

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has a written policy for custodial credit risk that is similar to state law. As of December 31, 2018, the District's bank balance of \$120,437 was covered by federal deposit insurance and not exposed to credit risk.

Investments:

State statutes authorizes the Board to invest in obligations of the U.S. Treasury, agencies and instrumentalities; guaranteed investment contracts and investment grade (A-1/P-1) commercial paper of domestic corporations; repurchase agreements; and the Louisiana Asset Management Pool (LAMP).

As a means of limiting its exposure to fair value losses arising from interest rates, the District's investment policy emphasized maintaining liquidity to match specific cash flows.

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's investment policy requires the application of the prudent-person rule. This policy states, *investments shall be made with the judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. Primary emphasis shall be placed upon the safety of principal secondly to maintain liquidity to meet operating requirements and finally to obtain the most favorable rate of return.* The District's investment policy limits investments to those discussed earlier in this note. LAMP has a Standard & Poor's Rating of AAAm.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments in external investment pools are not exposed to custodial credit risk because of their natural diversification and the diversification required by the Securities and Exchange Commission.

Note 2 - DEPOSITS (Continued)

LAMP, a local government investment pool, is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2a7, which governs registered money market funds. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed or backed by the U.S. Treasury, The U.S. Government or one of its agencies, enterprises or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. The fair value of investments is determined on a weekly basis to monitor any variances between amortized cost and fair value. For purposes of determining participants' shares, investments are valued at amortized cost. The fair value of participants' position is the same as the value of the pool shares. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. Investments in LAMP as of December 31, 2018, amounted to \$1,496,182 and are considered cash equivalents for reporting purposes.

A reconciliation of deposits and investments to the financial statements as of December 31, 2018 is as follows:

Deposits	\$ 107,954
Investments	<u>1,496,182</u>
 Total cash and cash equivalents	 <u>\$ 1,604,136</u>

Note 3 - PROPERTY TAXES

Property taxes are levied each November 1 on the assessed value listed as of the prior January 1 for all real property, merchandise and movable property located in the Parish. Assessed values are established by the Terrebonne Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A reevaluation of all property is required to be completed no less than every four years. The last reevaluation was completed for the list of January 1, 2016. Taxes are due and payable December 31 with interest being charged on payments after January 1. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which the taxes have not been paid are sold for the amount of the taxes. The tax rate for the year ended December 31, 2018 was \$15.00 per \$1,000 of assessed valuation on property within Recreation District No. 9 for the purpose of maintaining and operating recreational facilities within the District. As indicated in Note 1c, taxes levied November 1, 2018 are for budgeted expenditures in 2019 and will be recognized as revenues in 2019.

Note 4 - DUE FROM OTHER GOVERNMENTAL UNITS

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

State of Louisiana	
State revenue sharing	16,658
Terrebonne Parish Tax Collector - December 2018	
collections remitted to the District in January 2019:	
Ad valorem taxes	473,133
State revenue sharing	<u>8,329</u>
Total	<u>\$ 498,120</u>

Note 5 - CHANGES IN CAPITAL ASSETS

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

	Balance January 1, 2018	Additions	Deletions	Balance December 31, 2018
Capital assets not being depreciated:				
Land	\$ 111,208	\$ 102,797		\$ 214,005
Construction in progress	7,797	-	\$ (7,797)	-
Total capital assets not being depreciated	119,005	102,797	(7,797)	214,005
Capital assets being depreciated:				
Buildings and improvements	3,166,432	216,138	(12,570)	3,370,000
Machinery and equipment	515,591	33,139	(30,012)	518,718
Office furniture, fixtures, and equipment	21,060	4,969	(1,741)	24,288
Total capital assets being depreciated	3,703,083	254,246	(44,323)	3,913,006
Less accumulated depreciation for:				
Buildings and improvements	(1,334,531)	(117,014)	7,389	(1,444,156)
Machinery and equipment	(343,842)	(25,297)	27,727	(341,412)
Office furniture, fixtures and equipment	(11,639)	(1,464)	1,741	(11,362)
Total accumulated depreciation	(1,690,012)	(143,775)	36,857	(1,796,930)
Total capital assets being depreciated, net	2,013,071	110,471	(7,466)	2,116,076
Total capital assets, net	\$ 2,132,076	\$ 213,268	\$ (15,263)	\$ 2,330,081

Depreciation amounting to \$143,775 was recorded as cultural and recreation expenses for the year ended December 31, 2018.

Note 6 - 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:

<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, \$4,706,219 as of December 31, 2017, then secondly by the District.

Workers' compensation claims in excess of \$550,000 are covered under an insurance contract for claims aggregate up to limits are to be funded first by assets of the Parish's workers' compensation internal service fund. As of December 31, 2018, the District had no claims in excess of the above coverage limits. Expenditures for premiums to the Parish for insurance coverages during the year ended December 31, 2018 totaled \$29,391.

Note 7 - ACCOUNTS PAYABLE AND ACCRUED EXPENDITURES

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

Vendors	\$ 508
Terrebonne Parish Consolidated Government	<u>28,951</u>
Total	<u>\$ 29,459</u>

Note 8 - EMPLOYEE RETIREMENT PLAN

In March 2018, the District began contributing to a Savings Incentive Match Plan for Employees Individual Retirement Account, SIMPLE IRA (Plan), a defined contribution pension plan, for its full time employees. The Plan is administrated by the District.

Benefit terms, including contribution requirements are established and may be amended by the District Board. For each employee, the District contributes 3% of annual salary to the employee's individual retirement account (IRA). The IRAs are the property of the participating employee. The employees are permitted to make contributions, up to applicable Internal Revenue Code limits. For the year ended December 31, 2018, employee contributions totaled \$8,547 and the District recognized \$4,040 pension expense.

Note 9 - COMPENSATION OF BOARD MEMBERS

The following amounts were paid to board members for the year ended December 31, 2018:

<u>Board Members</u>	<u>Number of Meetings Attended</u>	<u>Per Diem</u>
Baylis "Buster" Bergeron	10	\$ 250
Janelle Bonvillain	12	300
Robert Lejaunie	12	300
Trey Lottinger	11	275
Willie St. Pierre	11	<u>275</u>
Total		<u>\$ 1,400</u>

Note 10 - 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 February 20, 2019, 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. 9

December 31, 2018

Agency Head Name: John Haston, Sr.

Purpose	<u>Amount</u>
Salary	\$ 48,196
Benefits - insurance	15,813
Benefits - retirement	1,172
Benefits - other	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-
	<u>\$ 65,181</u>

Note: John Haston, Sr. is the Director for the District and functions as 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. 9,
Houma, 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. 9 (the District) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise District's financial statements and have issued our report thereon dated February 20, 2019.

Internal Control Over Financial Reporting

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

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


Certified Public Accountants.

Houma, Louisiana,
February 20, 2019.

SCHEDULE OF FINDINGS AND RESPONSES

Terrebonne Parish Recreation District No. 9

For the year ended December 31, 2018

Section I Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? ☐ yes ☒ no

b) Federal Awards

Terrebonne Parish Recreation District No. 9 did not expend federal awards in excess of \$750,000 during the year ended December 31, 2018 and therefore is exempt from the audit requirements under the *Uniform Guidance*.

Section II Financial Statement Findings

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

Section III Federal Award Findings and Questioned Costs

Not applicable.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

Terrebonne Parish Recreation District No. 9

For the year ended December 31, 2018

Section I Internal Control and Compliance Material to the Financial Statements

Internal Control

No material weaknesses were reported during the audit for the year ended December 31, 2017.
No significant deficiencies were reported during the audit for the year ended December 31, 2017.

Compliance

No compliance findings material to the financial statements were noted during the audit for the year ended December 31, 2017.

Section II Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Recreation District No. 9 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 Guidance*.

Section III Management Letter

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

MANAGEMENT'S CORRECTIVE ACTION PLAN

Terrebonne Parish Recreation District No. 9

For the year ended December 31, 2018

Section I Internal Control and Compliance Material to the Financial Statements

Internal Control

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

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

Compliance

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

Section II Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Recreation District No. 9 did not expend federal awards in excess of \$750,000 during the year ended December 31, 2018 and therefore is exempt from the audit requirements under the *Uniform Guidance*.

Section III Management Letter

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

STATEWIDE AGREED-UPON PROCEDURES

INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners,
Terrebonne Parish Recreation District No. 9,
Houma, Louisiana.

We have performed the procedures described in Schedule 2, which were agreed to by Terrebonne Parish Recreation District No. 9, State of Louisiana (the District) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the year ended December 31, 2018. The District's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are described in Schedule 2.

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

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

Bourgeois Bennett, L.L.C.

Certified Public Accountants

Houma, Louisiana,
February 20, 2019.

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

Terrebonne Parish Recreation District No. 9

For the year ended December 31, 2018

The required procedures and our findings are as follows:

Procedures performed on the District's Written Policies and Procedures:

1. Obtain the District's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the District does not have any written policies and procedures), as applicable:

- a) Budgeting, including preparing, adopting, monitoring, and amending the budget

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- b) Purchasing, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

Performance: Obtained and read the written policy for purchasing, and found it contained all requirements listed above, except as noted below.

Exceptions: Management's policy on purchasing does not include a provision for the preparation and approval of purchase requisitions and purchase orders.

Management's response: Management will consider adding a provision for the preparation and approval of purchase requisitions and purchase orders.

- c) Disbursements, including processing, reviewing, and approving

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- e) Payroll/Personnel, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- f) Contracting, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

Performance: Obtained and read the written policy for contracting, and found it contained all requirements listed above, except as noted below.

Exceptions: Management's policy on contracting does not include a provision discussing the standard terms and conditions for contracts and legal review.

Management's response: Management will consider adding a provision discussing the standard terms and conditions for contracts and legal review.

- g) Credit Cards (and debit cards, fuel cards, P-Cards, if applicable), including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g. determining the reasonableness of fuel card purchases)

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

- h) Travel and expense reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

Performance: Obtained and read the written policy for travel and expense reimbursement, and found it contained all requirements listed above, except as noted below.

Exceptions: Management's policy on travel and expense reimbursements does not include dollar thresholds for categories of expense, other than meals.

Management's response: Management will consider adding dollar thresholds for all categories of expense.

- i) Ethics, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the District's ethics policy.

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Inquired of management regarding the District's debt service policy. The District does not have outstanding debt; therefore, a debt service policy is not applicable.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the District's Board:

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period and:

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

Performance: Obtained and read the written minutes of the District's board meetings.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

Performance: Obtained and read the written minutes of the board meetings. Inspected meeting minutes and the included budget-to-actual comparisons for the General Fund presented to the board of commissioners. The meeting minutes referenced the approval of monthly financial statements.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Obtained the prior year's audit report and observed the unrestricted fund balance in the general fund. The District did not report a negative ending unrestricted fund balance in the general fund.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the District's Bank Reconciliations:

3. Prior year testing resulted in no exceptions related to bank reconciliations. Therefore, testing was not required in the current year.

Procedures performed on the District's Collections:

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

Performance: Obtained the listing of cash/check/money order (cash) deposit sites from management, and received management's representation in a separate letter. The District has two deposit sites, one is at the facility and another is at the secretary/treasurer's (contracted accountant) office.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Select one collection location for each deposit site (i.e. collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

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

Exceptions: The secretary/treasurer (contracted accountant), or someone on her staff, is responsible for recording and preparing deposits for the main checking account.

Management's response: Management will consider improving the segregation of duties. Management will prepare/make all bank deposits.

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

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

Exceptions: Employees that are responsible for cash collections share the same cash register.

Management's response: The cost of providing separate cash registers to each employee outweighs the benefit to the District; however, cash registers will be limited to one employee at a time.

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

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

Exceptions: The Director is responsible for preparing/making bank deposits for three of the four District accounts, the secretary/treasurer (contracted accountant) or someone on her staff, is responsible for preparing/making bank deposits for one of the four District accounts. There is no collection documentation available to reconcile daily boat launch fees to the deposit.

Management's response: Management will prepare collection documentation of boat launch fees collected so that another employee can reconcile the collection documentation to the deposit.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

7. Select two deposit dates for each of the bank accounts (select the next deposit date chronologically if no deposits were made on the dates selected and select a deposit if multiple deposits were made on the same day). Obtain supporting documentation for each of the deposits selected and:

- a) Observe that receipts are sequentially pre-numbered.

Performance: Obtained supporting documentation for the selected deposits and observed that receipts were sequentially pre-numbered.

Exceptions: The biweekly collection of boat launch fees is not supported by separate collection documentation other than the deposit slip.

Management's response: Management will prepare collection documentation of boat launch fees on the dates collected.

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

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

Performance: Traced supporting documentation to the deposit slip.

Exceptions: As noted in the prior exception, biweekly collection of boat launch fees lacks proper documentation. In other deposits selected, there was one instance in which the deposit amount was \$9.75 above the related collection documentation, and another instance in which the deposit amount was \$4.00 above the related collection documentation.

Management's response: Management will consider attaching cash collection logs to deposits for the boat launch account. Management will consider attaching copies of checks with date received and/or receipts to deposit slips for other accounts. Management will note differences on collection documentation when the amount doesn't agree to the deposit slip.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

Performance: Traced deposit slip total to actual deposit per bank statement.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

Performance: Observed that the deposit was made within one business day of receipt.

Exceptions: In 3 instances, cash was not deposited within one day of receipt, this exception occurred in three of the District's bank accounts. There were two instances where supporting documentation was not available to determine the number of days from receipt to deposit.

Management's response: Management will begin to adhere strictly to the policy to deposit all receipts over \$100 within one day of their actual receipt and will consider attaching copies of checks with date received and/or receipts to deposit slips.

- e) Trace the actual deposit per the bank statement to the general ledger.

Performance: Traced the actual deposit per the bank statement to the general ledger.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

8. Obtain a listing of locations that process payments for the fiscal period, and management's representation that the listing is complete. Select 5 locations (or all locations if less than 5).

Performance: Obtained the listing of locations that process payments, and received management's representation in a separate letter. The District's disbursements are processed by the secretary/treasurer (contracted accountant).

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the District has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

Performance: Obtained a listing of those employees involved with non-payroll purchasing and payments functions, and received management's representation in a separate letter. The District's disbursements are processed by the secretary/treasurer (contracted accountant).

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Inspected policy manuals and inquired of management and employees as to requirement listed above. Requested requisitions, purchase orders, and related invoices, as well as inquiries of the client.

Exceptions: Through investigation of the District's written policy and inquiries of District personnel, it was noted that the District does not have a formal purchase requisition/purchase order system. The facility director has the authority to initiate purchases less than \$5,000 with all purchases being approved by the Board of Commissioners. Purchases over \$5,000 and up to \$30,000 require at least three written or facsimile bids/quotes be received if possible and approved by the Board of Commissioners. A purchase may be initiated by the Office/Programs Manager and Concessions Manager.

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

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

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

Performance: Inspected policy manuals and inquired of management and employees as to requirement listed above. The District's disbursements are processed by the secretary/treasurer (contracted accountant) or someone on her staff.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

Performance: Inspected policy manuals and inquired of management and employees as to requirement listed above. The secretary/treasurer (contracted accountant), or someone on her staff, is responsible for adding vendors to the system, as well as processing payments.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

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

Exceptions: The secretary/treasurer (contracted accountant) or someone on her staff is responsible for processing, signing and mailing payments, it was noted that all checks must be signed by a board member as well.

Management's response: Management will consider improving the segregation of duties. Management will mail all checks.

10. For each location selected under #8 above, obtain the District's non-payroll disbursement transaction population (excluding credit cards and travel reimbursements) and obtain management's representation that the population is complete. Select 5 disbursements for each location, obtain supporting documentation for each transaction and:

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

Exceptions: There was one instance where there was no evidence of approval prior to the purchase or disbursement.

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

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

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

12. Using the listing prepared by management, select 5 cards (or all cards if less than 5) that were used during the fiscal period. Select one monthly statement or combined statement for each card (for a debit card, select one monthly bank statement), obtain supporting documentation, and:

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.

Performance: Obtained one monthly credit card statement for each of the five cards selected along with supporting documentation and observed for proper approval.

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

Exceptions: The facility director is responsible for reviewing and approving credit card statements and all transactions on a monthly basis; however, the facility director is the authorized card holder for three of the credit cards selected.

Management's response: Management will consider improving the segregation of duties.

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

Performance: Obtained one monthly credit card statements for each of the five cards selected and observed for finance charges and/or late fees.

Exceptions: Finance charges/late fees were assessed on two of the selected statements.

Management's response: Management will pay credit card vendors by the due date.

Management will also eliminate two of the credit cards due to the small number of transactions.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing, unless less than 10 transactions were conducted during the year).

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

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

Performance: Traced each transaction to an original itemized receipt.

Exceptions: An itemized receipt was missing from one of the selected statements.

Management's response: Management will ensure that proper documentation is attached to monthly statements prior to payment.

- 2) Written documentation of the business/public purpose.

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: For meal charges, observed supporting documentation for evidence of the individuals participating in meals.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

14. Obtain from management a listing of all travel and related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

Performance: Obtained the general ledger for travel and travel related expense reimbursements. One travel related expense reimbursement was noted. Management's representation of the general ledger was confirmed in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

Performance: Selected the travel related expense reimbursement and obtained the supporting documentation. Observed that the reimbursement was reimbursed using actual costs, not using a per diem.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Selected the travel related expense reimbursement and obtained supporting documentation. Observed that the reimbursement was supported by an original itemized receipt.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedures #1h).

Performance: Selected the travel related expense reimbursement and obtained the supporting documentation. Observed that the reimbursement has evidence of documentation of the business/public purpose and other documentation required by written policy.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

Performance: Selected the travel related expense reimbursement and obtained the supporting documentation. Observed that the reimbursement was reviewed and approved by someone other than the person receiving the reimbursement.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the District's Contracts:

15. Obtain a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Obtain management's representation that the listing is complete. Select 5 contracts (or all contracts if less than 5) from the listing, and:

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

Exceptions: There were no exceptions noted.

Procedures performed on the District's Contracts: (Continued)

Management's response: Not applicable.

- d) Select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

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

Exceptions: The invoice and related payment did not agree to the terms and conditions of two contracts.

Management's response: Management will contact the vendor to question why the charges do not agree to the terms and conditions of the contract.

Procedures performed on the District's Payroll and Personnel:

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

Performance: Obtained the listing of employees with their related salaries from management, and received management's representation in a separate letter. Selected 5 employees and agreed paid salaries to authorized salaries/pay rates per the personnel files.

Exceptions: For 3 employees, the authorized salary/pay rate documentation was not included in the personnel file.

Management's response: Management will include the authorized salary/pay rate documentation in each personnel file.

17. Select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

Performance: Inspected daily attendance and leave records for proper documentation.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

Performance: Inspected attendance and leave records for proper approval.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Obtained cumulative leave records and observed that any leave accrued or taken during selected pay period is included.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Obtained a listing of all employees that terminated during the period from management and received management's representation in a separate letter. Selected two employees/official and obtained their personnel file. Traced hours and pay rates used in management's termination calculation to cumulative leave records and pay rates per the personnel file.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Obtained management's representation that payroll related taxes and benefits have been paid and forms filed by the required deadline in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedure performed on the District's Ethics:

20. Prior year testing resulted in no exceptions related to ethics. Therefore, testing is not required in the current year.

Procedures performed on the District's Debt Service:

21. Prior year testing resulted in no exceptions related to debt service. Therefore, testing is not required in the current year.

Other procedures performed on the District:

22. Obtain a listing of misappropriations of public funds or assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the District reported the misappropriations(s) to the Legislative Auditor and the District Attorney of the parish in which the District is domiciled.

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.