

Financial Report

Terrebonne Parish Recreation District No. 11

Houma, Louisiana

For the year ended December 31, 2018

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For the Year Ended December 31, 2018

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners,
Terrebonne Parish Recreation District No. 11,
Houma, Louisiana.

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Terrebonne Parish Recreation District No. 11, State of Louisiana (the District), a component unit of Terrebonne Parish Consolidated Government, State of Louisiana, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Terrebonne Parish Recreation District No. 11 as of December 31, 2018, and the respective changes in financial position thereof 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.

Change in Accounting Policy

As discussed in Note 1o and 7 to the financial statements, the District adopted new guidance in Governmental Accounting Standards Board Statement No. 75 (GASBS No 75), *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The effect of adopting GASBS 75 was to restate opening net position as of January 1, 2018 by \$1,398. Furthermore, during the year ended December 31, 2018, the District adopted an optional Medicare Advantage (MA) plan, which 70% of Plan retirees elected to participate. The effect for the retirees' election to participate in the MA plan reduced the OPEB expense by \$73,870. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4 through 10, the Schedule of Changes in the District's Total OPEB Liability and Related Ratios on page 44 the Schedule of the District's Proportionate Share of Net Pension Liability (Asset) on page 45 and the Schedule of the District's Contributions on page 46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial

statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information on page 47 is presented for purposes of additional analysis and is not 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. Such 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 accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 6, 2019 on our consideration of Terrebonne Parish Recreation District No. 11's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 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
June 6, 2019.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Terrebonne Parish Recreation District No. 11

Management's Discussion and Analysis of the Terrebonne Parish Recreation District No. 11's (the District) financial performance presents a narrative overview and analysis of the District's financial activities for the year ended December 31, 2018. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2018 by \$5,755,092 (net position), which represents a .14% decrease from last fiscal year.

The District's revenue decreased \$527,400 (or 24.41%) primarily due to decreases in intergovernmental revenues.

The District's expenses increased \$470,759 (or 40.24%) due to increases in culture and recreation expenses.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private sector business. The Statement of Net Position presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. The Statement of Activities presents information showing how the District's net position changed during each fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs regardless of the timing of

Government-wide Financial Statements (Continued)

the 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 to engage in activities which would promote recreation and any related activity designed to encourage recreation and promote the general health and well-being.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. All of the funds of the District are governmental funds.

Governmental Funds

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

The District maintains three individual governmental funds. 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, Debt Service Fund, and the Capital Projects Fund, all of which are considered major funds. 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 11 -15 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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$5,755,092.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Receivables and due from other governmental units total \$1,261,994 and primarily represent receivables for ad valorem taxes assessed in November 2018 and state revenue sharing to be collected in 2019. Deferred outflows of resources are related to pensions.

The liabilities associated with the District are accounts payable and accrued expenditures, due to Terrebonne Parish Consolidated Government and long-term obligations. Long-term obligations consist of certificates payable and other postemployment benefits. Deferred inflows of resources include unavailable revenue related to ad valorem taxes assessed in 2018 which will be recognized as revenue in 2019, pensions and other postemployment benefits.

Condensed Statements of Net Position

	December 31,		Dollar	Total
	2018	2017	Change	Percent
Current and other assets	\$ 5,739,523	\$ 3,687,590	\$ 2,051,933	55.64%
Capital assets	4,082,768	3,651,270	431,498	11.82%
Deferred outflows of resources	21,233	19,182	2,051	10.69%
Total assets and deferred outflows of resources	9,843,524	7,358,042	2,485,482	33.78%
Current liabilities	78,058	75,595	2,463	3.26%
Long-term obligations	2,603,262	156,861	2,446,401	1559.60%
Deferred inflows of resources	1,407,112	1,362,596	44,516	3.27%
Total liabilities	4,088,432	1,595,052	2,493,380	156.32%
Net position:				
Net investment in capital assets	3,860,977	3,651,270	209,707	5.74%
Unrestricted	1,894,115	2,111,720	(217,605)	-10.30%
Total net assets	\$ 5,755,092	\$ 5,762,990	\$ (7,898)	-0.14%

Current and other assets decreased due to a decrease in the amount of cash and cash equivalents at the end of the year. Capital assets increased primarily due to additions for design and engineering and upcoming capital building and improvement projects. Long-term obligations increased due to issuance of \$2,500,000 Limited Tax Certificates, Series 2018 dated July 17, 2018. A decrease in long-term obligations is due to the implementation of GASB No. 75, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions", at December 31, 2017 which required the District to recognize the total OPEB liability. Deferred outflows and inflows of resources are a result of accounting for pensions and other post-employment benefits.

Governmental Activities

Governmental activities for the year decreased the District's net position by \$7,898. GASB No. 75 required the District to retroactively recognize the balance of the unfunded actuarial liability for OPEB. Beginning net position as of January 1, 2017 was increased by \$1,398. The net decrease in net position was \$7,898. Key elements of this decrease are reported as follows:

Condensed Statement of Activities

	For The Year Ended December 31,		Dollar	Total
	2018	2017	Change	Percent Change
Revenues:				
Ad valorem taxes	\$ 1,367,880	\$ 1,418,181	\$ (50,301)	-3.55%
Intergovernmental	174,308	661,469	(487,161)	-73.65%
Charges for services	21,418	45,430	(24,012)	-52.85%
Miscellaneous	69,181	35,107	34,074	97.06%
Total revenues	1,632,787	2,160,187	(527,400)	-24.41%
Expenses:				
General government	52,061	66,803	(14,742)	-22.07%
Culture and recreation	1,519,486	1,103,123	416,363	37.74%
Debt service	69,138	-	69,138	100.00%
Total expenses	1,640,685	1,169,926	470,759	40.24%
Increase (decrease) in net position	(7,898)	990,261	(998,159)	-100.80%
Net position:				
Beginning of year	5,762,990	4,771,331	991,659	20.78%
Implementation of GASB No. 75	-	1,398	(1,398)	-100.00%
Beginning of year, as restated	5,762,990	4,772,729	990,261	20.75%
Net position end of year	\$ 5,755,092	\$ 5,762,990	\$ (7,898)	-0.14%

In 2018, there was a decrease from prior years' ad valorem tax revenue recognized by the District. The decrease in 2018 ad valorem tax revenue is a result of the 2017 ad valorem tax assessment being less than the 2016 and less prior year tax was collected in 2018 than in 2017.

Charges for services decrease primarily due to a decrease in swimming lesson fees, and the outsourcing of concession and beer sales.

Miscellaneous revenue increased primarily due to an increase in interest revenue on investments held.

Expenses for culture and recreation increased primarily due to additional purchases of supplies and materials and other charges and services provided to the District.

The decrease in general government was due primarily to the District's ad valorem tax adjustments for uncollected taxes.

Debt service expenses increased due to costs incurred with the issuance of tax certificates in 2018.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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 funds are 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, unrestricted 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 governmental funds reported an ending fund balance of \$4,275,561, an increase of \$2,022,896 in comparison with the prior year. The unassigned balance is available for spending at the District's discretion. The increase in unassigned fund balance of \$1,826,504 is largely the result of revenues exceeding expenditures in prior years. The assignment of the 2019 budgeted spending deficit of \$195,465 resulted in assigned fund balance.

General Fund Budgetary Highlights

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

Revenues

- Decreased taxes by \$200 to better approximate cash receipts.
- Increased intergovernmental by \$40,167 due to more expected recoveries from FEMA.
- Charges for services decreased \$24,020 to reflect reduced pool admissions and outsourcing of concession sales.
- Miscellaneous amounts increase by \$26,000 to reflect increased interest income.

Expenditures

- Increased payroll expense by \$101,362 to adjust for more staff needed in the current year.
- Increased supplies and materials by \$183,500 due to needing more materials than originally anticipated.
- Other services and charges increased \$72,140 because of more than expected professional fees and camp services.
- Repairs and maintenance increased \$151,300 due to more repairs and maintenance costs incurred around the gyms and parks than anticipated.

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

Capital Projects Fund

The Capital Projects Fund has a fund balance of \$2,253,592 all of which is a result of current year activities. On July 17, 2018 the District Issued \$2,500,000 of Limited Tax Certificates, Series 2018, for the purpose of paying costs of construction and improving facilities of the District. In the current year, capital outlay resulted in expenditures of \$221,791 in the Capital Project Fund. The entirety of the capital outlay for the year 2018 was to fund renovations on the Mechanicville Recreation Center. Revenues in the Capital Projects Fund consists of \$14,329 of interest earned on the investment of the Limited Tax proceeds.

Debt Service Fund

Activity in the Debt Service fund was a result of \$2,500,000 of Limited Tax Certificates, Series 2018 issued on July 17, 2018. The Debt Service Fund incurred \$38,946 in expenditures, due to issuance cost related to the Limited Tax Certificates.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's capital assets for its governmental activities as of December 31, 2018, amounts to \$4,082,768 (net of accumulated depreciation). This investment in capital assets includes land, construction in process, buildings, improvements other than buildings, machinery and equipment, furniture and fixtures and vehicles (see table below).

	<u>2018</u>	<u>2017</u>
Land	\$ 175,021	\$ 175,021
Construction in process	221,791	160,050
Buildings	3,434,570	3,434,570
Improvements other than buildings	2,692,262	2,564,164
Machinery and equipment	859,331	569,622
Furniture and fixtures	297,267	95,481
Vehicles	54,437	26,490
Totals	<u>\$ 7,734,680</u>	<u>\$ 7,025,398</u>

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

- Concrete slabs poured at several parks within the District.
- Architect fees and construction costs on the Mechanicville recreation center renovations.
- Purchased 2018 Dodge Ram 1500 crew
- Playground equipment at Voisin, Mechanicville, Dumas, Wright Ave., Harmon, and King St. Parks.

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

Long-term Obligations

As of December 31, 2018, the District had \$2,603,262 in long-term obligations. This includes the District's obligations of \$2,500,000 for certificates payable, \$30,192 for accrued interest payable and \$73,070 for other postemployment benefits. Other postemployment benefits decreased by \$74,839. More detailed information about the District's certificates payable and other postemployment benefits is presented in Notes 6 and 7, Exhibit F of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Board of Directors considered the following factors and indicators when setting next year's budget, rates, and fees. These factors and indicators include:

- The proceeds from the 2018 series bonds are primarily being utilized for the renovation of Mechanicville recreation center. It is estimated this renovation alone will cost approximately \$2,500,000 and is expected to be completed in 2019.
- Interest revenues are budgeted with an anticipation of an increase in interest rates and due to additional investing in LAMP purposes.
- Operating expenditures are anticipated to remain relatively high, as many repairs are being made, some of which are capital, and others which fall into repair and supply categories.
- Capital outlay will continue to be reviewed for the further development of the five-year outlay plan on an annual basis. Items for further consideration include park equipment replacement, improvements to lighting, splash parks, dog parks, exercise equipment, and continued improvements to existing facilities. Attempts will be made to decrease operating expenditures to offset these purchases where possible.

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. 11, P.O. Box 4294, Houma, Louisiana 70361.

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

Terrebonne Parish Recreation District No. 11

December 31, 2018

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments (Exhibit B)	Statement of Net Position
Assets and deferred outflows of resources						
Cash and cash equivalents	\$ 2,205,806		\$ 2,253,592	\$ 4,459,398		\$ 4,459,398
Receivables:						
Taxes	507,464		-	507,464		507,464
Due from other governmental units	754,530		-	754,530		754,530
Net pension asset	-		-	-	\$ 18,131	18,131
Capital assets:						
Non-depreciable	-		-	-	396,812	396,812
Depreciable, net of accumulated depreciation	-		-	-	<u>3,685,956</u>	<u>3,685,956</u>
Total current assets	3,467,800		2,253,592	5,721,392	4,100,899	9,822,291
Deferred outflows of resources	-		-	-	21,233	21,233
Total assets and deferred outflows of resources	<u>\$ 3,467,800</u>	<u>\$ -</u>	<u>2,253,592</u>	<u>5,721,392</u>	<u>4,122,132</u>	<u>9,843,524</u>
Liabilities and deferred inflows of resources						
Accounts payable and accrued expenditures	\$ 40,447			\$ 40,447	30,192	\$ 70,639
Due to Terrebonne Parish Consolidated Government	37,611			37,611		37,611
Long term obligations:						
Due within one year	-			-	\$ 280,000	280,000
Due after one year	-			-	<u>2,293,070</u>	<u>2,293,070</u>
Total liabilities	78,058			78,058	<u>2,603,262</u>	<u>2,681,320</u>
Deferred inflows of resources						
Unavailable revenues property taxes	1,367,773			1,367,773	-	1,367,773
Pensions	-			-	34,481	34,481
Other postemployment benefits	-			-	<u>4,858</u>	<u>4,858</u>
Total deferred inflows of resources	<u>1,367,773</u>			<u>1,367,773</u>	<u>39,339</u>	<u>1,407,112</u>
Total liabilities and deferred inflows of resources	<u>1,445,831</u>			<u>1,445,831</u>	<u>2,642,601</u>	<u>4,088,432</u>
Fund Balance/Net Position						
Fund Balance:						
Restricted - capital projects	-		\$ 2,253,592	2,253,592	(2,253,592)	-
Assigned - subsequent expenditures	195,465		-	195,465	(195,465)	-
Unassigned	<u>1,826,504</u>		-	<u>1,826,504</u>	<u>(1,826,504)</u>	-
Total fund balance	2,021,969		2,253,592	4,275,561	<u>(4,275,561)</u>	-
Total liabilities and fund balance	<u>\$ 3,467,800</u>	<u>\$ -</u>	<u>\$ 2,253,592</u>	<u>\$ 5,721,392</u>		
Net position:						
Net investment in capital assets					3,860,977	3,860,977
Unrestricted					<u>1,894,115</u>	<u>1,894,115</u>
Total net position					<u>\$ 5,755,092</u>	<u>\$ 5,755,092</u>

See notes to financial statements.

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

Terrebonne Parish Recreation District No. 11

December 31, 2018

Fund Balance - Governmental Fund **\$ 4,275,561**

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	\$ 7,734,680	
Less accumulated depreciation	<u>(3,651,912)</u>	4,082,768

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

Net pension asset		18,131
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Deferred outflows of resources used in governmental
activities are not financial resources and are not
reported in governmental funds.

21,233

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

Certificates payable	(2,500,000)	
Accrued interest payable	(30,192)	
Other postemployment benefit obligations	<u>(73,070)</u>	(2,603,262)

Deferred inflows of resources are not due and payable
in the current period and are not reported in
governmental funds.

Pensions	(34,481)	
Other postemployment benefit obligation	<u>(4,858)</u>	<u>(39,339)</u>

Net Position of Governmental Activities		<u>\$ 5,755,092</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. 11

For the year ended December 31, 2018

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments (Exhibit D)	Statement of Activities
Revenues						
Taxes	\$ 1,367,880			\$ 1,367,880		\$ 1,367,880
Intergovernmental:						
Federal - FEMA reimbursements	105,321			105,321		105,321
State of Louisiana:						
State revenue sharing	38,987			38,987		38,987
Terrebonne Parish Consolidated Government	30,000			30,000		30,000
Charges for services	21,418			21,418		21,418
Miscellaneous:						
Interest	50,473		\$ 14,329	64,802		64,802
Other	4,379			4,379		4,379
Total revenues	1,618,458		14,329	1,632,787		1,632,787
Expenditures/Expenses						
Current:						
General government:						
Ad valorem tax adjustment	6,056		-	6,056		6,056
Ad valorem tax deductions	46,005		-	46,005		46,005
Total general government	52,061		-	52,061		52,061
Culture and recreation:						
Personal services	401,632		-	401,632	\$ (67,900)	333,732
Supplies and materials	192,074		-	192,074	-	192,074
Other services and charges	294,631		-	294,631	31,146	325,777
Repairs and maintenance	390,119		-	390,119	-	390,119
Depreciation and impairment	-		-	-	277,784	277,784
Total culture and recreation	1,278,456		-	1,278,456	241,030	1,519,486
Debt service						
Tax certificate issuance costs	-	\$ 38,946	-	38,946	-	38,946
Interest and fiscal charges	-	-	-	-	30,192	30,192
Total debt service	-	38,946	-	38,946	30,192	69,138
Capital outlay	518,637	-	221,791	740,428	(740,428)	-
Total expenditures/expenses	1,849,154	38,946	221,791	2,109,891	(469,206)	1,640,685
Excess (Deficit) of Revenues Over Expenditures	(230,696)	(38,946)	(207,462)	(477,104)	469,206	(7,898)
Other Financing Sources (Uses)						
Limited Tax Certificate Proceeds	-	-	2,500,000	2,500,000	(2,500,000)	-
Transfers in	-	38,946	-	38,946	(38,946)	-
Transfers out	-	-	(38,946)	(38,946)	38,946	-
Total other financing sources (uses)	-	38,946	2,461,054	2,500,000	(2,500,000)	-
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures	(230,696)	-	2,253,592	2,022,896	(2,022,896)	-
Change in Net Position	-	-	-	-	(7,898)	(7,898)
Fund Balance/Net Position						
Beginning of year, as restated	2,252,665	-	-	2,252,665	3,510,325	5,762,990
End of year	\$ 2,021,969	\$ -	\$ 2,253,592	\$ 4,275,561	\$ 1,479,531	\$ 5,755,092

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. 11

For the year ended December 31, 2018

Net Change in Fund Balance - Governmental Fund **\$ 2,022,896**

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 the useful life of the asset as
depreciation

Capital outlay	\$ 740,428	
Depreciation expense	<u>(277,784)</u>	462,644

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

(31,146)

Governmental funds report increases in long-term liabilities as
revenues or other sources of resources in the Statement of
Activities. Those activities are reported as liabilities.

Certificates payable	(2,500,000)	
Accrued interest payable	(30,192)	
Other postemployment benefit credits	68,583	
Pension expense	<u>(683)</u>	<u>(2,462,292)</u>

Change in Net Position of Governmental Activities **\$ (7,898)**

See notes to financial statements.

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

Terrebonne Parish Recreation District No. 11

For the year ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 1,360,000	\$ 1,359,800	\$ 1,367,880	\$ 8,080
Intergovernmental:				
Federal - FEMA reimbursement	-	40,167	105,321	65,154
State of Louisiana:				
State revenue sharing	38,500	38,500	38,987	487
Terrebonne Parish Consolidated Government	24,000	30,000	30,000	-
Charges for services	44,000	19,980	21,418	1,438
Miscellaneous:				
Interest	15,000	41,000	50,473	9,473
Other	4,000	3,025	4,379	1,354
Total revenues	<u>1,485,500</u>	<u>1,532,472</u>	<u>1,618,458</u>	<u>85,986</u>
Expenditures				
Current:				
General government:				
Ad valorem tax adjustment	20,000	20,000	6,056	13,944
Ad valorem tax deductions	25,000	43,000	46,005	(3,005)
Total general government	<u>45,000</u>	<u>63,000</u>	<u>52,061</u>	<u>10,939</u>
Culture and recreation:				
Personal services	318,100	419,462	401,632	17,830
Supplies and materials	31,000	214,500	192,074	22,426
Other services and charges	226,800	298,940	294,631	4,309
Repairs and maintenance	335,500	486,800	390,119	96,681
Total culture and recreation	<u>911,400</u>	<u>1,419,702</u>	<u>1,278,456</u>	<u>141,246</u>
Capital outlay	<u>-</u>	<u>600,000</u>	<u>518,637</u>	<u>81,363</u>
Total expenditures	<u>956,400</u>	<u>2,082,702</u>	<u>1,849,154</u>	<u>233,548</u>
Excess (Deficit) of Revenues Over Expenditures	529,100	(550,230)	(230,696)	319,534
Fund Balances				
Beginning of year	<u>1,445,746</u>	<u>2,252,665</u>	<u>2,252,665</u>	<u>-</u>
End of year	<u>\$ 1,974,846</u>	<u>\$ 1,702,435</u>	<u>\$ 2,021,969</u>	<u>\$ 319,534</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**Terrebonne Parish Recreation District No. 11**

December 31, 2018

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Terrebonne Parish Recreation District No. 11 (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 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 an 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 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.

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

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.

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 funds are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, 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 are the governmental funds of the District:

General Fund - The General Fund is the general operating fund of the District. It is used to account for and report all financial resources not accounted for and reported in another fund. The General Fund is always a major fund.

Debt Service Fund – The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

Capital Projects Fund – The Capital Projects Fund accounts for debt proceeds that are legally restricted to expenditures for improvements or maintenance of facilities and equipment used for park and recreation purposes.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**c) Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Government-wide Financial Statements:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized in the year for which they are levied.

Fund Financial Statements:

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other uses) in net current position. Governmental funds are maintained on the modified accrual basis of accounting.

Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Ad valorem taxes and the related state revenue sharing (intergovernmental revenue) are recognized as revenue in the period for which levied, thus the 2018 property taxes which are being levied to finance the 2019 budget will be recognized as revenue in 2019. The 2018 tax levy is recorded as deferred inflows of resources in the District's 2018 financial statements. Charges for services are recorded when earned since they are measurable and available. Management has determined interest income earned in the current period is susceptible to the accrual method. Other miscellaneous revenues are recorded as revenues when received in cash by the District because they are generally not measurable until actually received.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**c) Measurement Focus and Basis of Accounting (Continued)**

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for the following: (1) principal and interest on long-term debt are recorded when due, and (2) claims and judgments, group health claims, net pension obligation, compensated absences and other postemployment benefits are recorded as expenditures in the governmental fund type when paid with expendable available financial resources. 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.

e) Operating Budgetary Data

As required by the Louisiana Revised Statutes 39:1303, the Board of Commissioners (the Board) adopted a budget for the District's General Fund. The budgetary practices include public notice of the proposed budget, public inspection of the proposed budget and a public hearing on the budget prior to adoption. Any amendment involving the transfer of monies from one function to another or increases in expenditure must be approved by the Board. The District amended its budget twice during the year so actual revenues would not be less than budgeted and actual expenditures would not be greater than budgeted.

All budgeted amounts which are not expended, or obligated through contracts, lapse at year-end.

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

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

f) Accounts Receivable

The financial statements for the District contain no allowance for uncollectible accounts. Uncollectible amounts due for ad valorem taxes and other receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or operations of the funds.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Investments

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

h) Capital Assets

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

Government-wide Financial Statements:

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets purchased or acquired with an original cost of \$500 or more are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Capital assets with an estimated historical cost amounted to approximately \$515,275 or 6.66% of the total cost of capital assets. 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	10 - 40 years
Improvements other than buildings	5 - 20 years
Machinery and equipment	5 - 20 years
Furniture and fixtures	5 - 10 years
Vehicles	5 years

Fund Financial Statements:

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**i) Long-Term Obligations**

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

Government-wide Financial Statements:

All long-term obligations to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term obligations consist of certificates payable, and other postemployment benefit obligations.

Fund Financial Statements:

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

j) Vacation and Sick Leave

Accumulated vacation and sick leave are recorded as expenditures in the fund financial statements of the period in which paid.

Employees can earn 96 hours or 136 hours of vacation leave, depending on their length of employment. Accumulated vacation leave is due to the employee at the time of termination or death. The vacation policy provides that employees are to take vacation within one year of being earned, with no carry-forward provisions. Employees earn 56 hours sick leave per year and are permitted to accumulate a maximum of 480 hours. Sick leave does not vest with employees at separation of employment.

There is no material unpaid vacation and sick leave to be recognized in the government wide statements as of December 31, 2018.

k) Pensions

For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Parochial Employees' Retirement System of Louisiana (the System) and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**l) Deferred Outflows of Resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditures) until then. The District has pension related deferred outflows.

m) Deferred Inflows of Resources

In addition to liabilities, the Statement of Net Position and balance sheet 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(s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues from the collection of ad valorem taxes before the period for which levied as deferred inflows of resources. In addition, deferred inflows of resources related to pensions and other postemployment benefits are reported in the District's government-wide statements. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

n) 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.
- b. Restricted net position - Consists of assets and deferred outflow of resources less liabilities and deferred inflow of resources (net position) with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n) Fund Equity (Continued)

- c. Unrestricted net position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Financial Statements:

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. Commitments may be established, modified, or rescinded only through resolutions approved by the District's Board of Commissioners.
- d. Assigned - amounts that do not meet the criteria to be classified as either restricted or committed but that are intended to be used for specific purposes. Assigned amounts are determined by a majority vote of the Board. Assignment may be established, modified or rescinded by the Chairman of the Board of Commissioners or his representative.
- e. Unassigned - all other spendable amounts.

For the classification of governmental fund balances, the District considers an expenditure to be made from the most restrictive first when more than one classification is available. The District's fund balance was classified as restricted, assigned and unassigned as of December 31, 2018. The balance of restricted fund balance relates to certificate proceeds restricted to spending for capital outlay. Assigned fund balance relates to the portion of balance assigned to finance the operating budget deficit for 2019.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**o) Restatement of Net Position**

Effective for the year ended December 31, 2018, the District implemented GASB Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*". Implementation of the new accounting standard required restatement of beginning net position for the net OPEB liability.

The statement had the following impact on previously reported balances:

Statement of Activities	Governmental Activities
Net position, January 1, 2018, as previously stated	\$ 5,761,592
Restatement for implementation of GASB Statement No. 75, see Note 1p)	<u>1,398</u>
Net position, January 1, 2018, restated	<u>\$ 5,762,990</u>

p) 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. Implementation of this Statement required the restatement of net position as of January 1, 2018 for the cumulative unfunded actuarial liability as described in Note 1o.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**p) New GASB Statements (Continued)**

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

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

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

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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**p) New GASB Statements (Continued)**

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

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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**q) New GASB Statements (Continued)**

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

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

Note 2 - DEPOSITS AND INVESTMENTS

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

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

State law requires deposits (cash) 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 Amount</u>
Cash	<u>\$ 193,738</u>	<u>\$ 193,551</u>

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has a written policy for custodial credit risk, which reflects state law. As of December 31, 2018, none of the District's bank balance of \$193,738 was exposed to custodial credit risk. These deposits were insured by FDIC insurance.

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.

Note 2 - DEPOSITS AND INVESTMENTS (Continued)

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.

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, 2017, amounted to \$4,265,847 and are reported as cash equivalents.

A reconciliation of deposits and investments as shown on the Statement of Net Position is as follows:

Reported deposits	\$ 193,551
Reported investments	<u>4,265,847</u>
Total cash and cash equivalents	<u>\$ 4,459,398</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 of Terrebonne. Assessed values are established by the 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 \$10.00 per \$1,000 of assessed valuation on property within Terrebonne Parish Recreation District No. 11 for the purpose of constructing, maintaining and operating recreational facilities within the District. As indicated in Note 1c, taxes levied November 1, 2018 are for budgeted expenditures in 2019 and will be recognized as revenues in 2019.

Note 4 - DUE FROM OTHER GOVERNMENTAL UNITS

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

State of Louisiana - State revenue sharing	\$ 25,729
Terrebonne Parish Tax Collector - December, 2018 collections remitted to the District in January, 2019	
Ad valorem Taxes	715,937
State revenue sharing	<u>12,864</u>
Total	<u>\$ 754,530</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/ Transfers	Balance December 31, 2018
Capital assets not being depreciated:				
Land	\$ 175,021			\$ 175,021
Construction in process	160,050	\$ 374,273	\$ (312,532)	221,791
Total capital assets not being depreciated	335,071	374,273	(312,532)	396,812
Capital assets being depreciated:				
Buildings	3,434,570	-	-	3,434,570
Improvements other than buildings	2,564,164	128,098	-	2,692,262
Machinery and equipment	569,622	289,709	-	859,331
Furniture and fixtures	95,481	201,786	-	297,267
Vehicles	26,490	27,947	-	54,437
Total capital assets being depreciated	6,690,327	647,541	-	7,337,868
Less accumulated depreciation for:				
Buildings	(1,866,200)	(67,021)	-	(1,933,221)
Improvements other than buildings	(1,076,409)	(144,503)	-	(1,220,912)
Equipment	(359,619)	(46,957)	-	(406,576)
Furniture and fixtures	(66,333)	(9,702)	-	(76,035)
Vehicles	(5,567)	(9,601)	-	(15,168)
Total accumulated depreciation	(3,374,128)	(277,784)	-	(3,651,912)
Total capital assets being depreciated, net	3,316,199	369,757	-	3,685,956
Total capital assets, net	\$ 3,651,270	\$ 744,030	\$ (312,532)	\$ 4,082,768

Major capital assets acquired in 2018 include the purchase of playground equipment for three parks, concrete slabs poured at several locations, multiple light fixtures at various locations, and a 2018 Dodge Ram.

As of December 31, 2018, construction in progress consisted of architectural and engineering fees for the Mechanicville Recreation Center renovations.

There were no capital assets disposed of in the current year, however engineering and architectural fees previously reported in construction in progress were expensed when the project was abandoned in the year ended December 31, 2018.

Note 6 - LONG-TERM OBLIGATIONS

Through December 31, 2018, the District has recognized obligations in the amount of \$73,070 for other postemployment benefits as further described in Note 7.

Through December 31, 2018, the District has recognized a net pension asset in the amount of \$18,131 for the defined benefit pension plan as further described in Note 8.

The following is a summary of the long-term obligation transactions of the District for the year ended December 31, 2018:

	Payable January 1, 2018	Issuances	Obligations Retired	Payable December 31, 2018
Certificates payable	\$ -	\$ 2,500,000	\$ -	\$ 2,500,000
Other postemployment benefits	147,909	-	74,839	73,070
Accrued interest payable	-	30,192	-	30,192
Defined benefit pension plan	10,350		10,350	-
Total	<u>\$ 158,259</u>	<u>\$ 2,530,192</u>	<u>\$ 85,189</u>	<u>\$ 2,603,262</u>

On June 14, 2018, the Board of Commissioners pursuant to the Louisiana Revised Statutes 39:1430 authorized the issuance, sale and delivery of \$2,500,000 of Limited Tax Certificates, Series 2018. On July 17, 2018, the District issued the sale on the Limited Tax Certificates for the purpose of paying costs of construction and improving facilities of the District.

Limited Tax Certificates are direct obligations of the District secured by an irrevocable pledge and dedication of the District's 10 mill ad valorem tax. The certificates are issued as 8-year certificates with principal due March 1 and interest due March 1 and September 1 of each year. These certificates carry interest rates ranging from 1.84% to 3.08%.

Annual debt service requirements to maturity for the certificates follows:

Year Ending December 31,	Principle	Interest
2019	\$ 280,000	\$ 71,115
2020	295,000	57,489
2021	300,000	51,211
2022	305,000	43,792
2023	315,000	35,062
2024-26	<u>1,005,000</u>	<u>46,650</u>
	<u>\$ 2,500,000</u>	<u>\$ 305,318</u>

Note 7 - POSTEMPLOYMENT HEALTHCARE BENEFITS**Plan Description**

The District administers a single employer defined benefit healthcare plan (the Plan). The Plan provides for the payment of medical, dental and life insurance premiums for eligible employees, retirees and their dependents as approved by the Board of Commissioners. Louisiana Revised Statute 33:5161 grants the authority to establish and amend the benefit terms and financing requirements to the Board of Commissioners. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75. Eligible retirees can continue their health coverage by an election at retirement. Retirees are not eligible to rejoin at any other time. For employees retiring before January 1, 2005, the District funds the entire premium for all benefits on employees retiring with at least ten years of service upon retiring from the formal retirement systems.

District employees retiring on or after January 1, 2005 with at least ten years of permanent full-time creditable service in the Parochial Employees Retirement System with the District shall be eligible to participate in the Plan approved by the Parish Council under the following vesting schedule: 11 to 15 years of service, 27.50 % plus 2.75% per year; 16 to 20 years of service 41.25% plus 3.75% per year of service; 21 years or more of service, 60% plus 5% per year of service, limited to 85% of the premium. Employees hired after December 31, 2013 with at least 30 years of permanent full-time creditable service, age 55 and 5 years of participation in the District's group health insurance plan immediately prior to retirement shall be eligible to participate in the Plan with benefits limited to 80% of premiums. A retired employee may provide dependent hospitalization coverage at applicable dependent rates. To be eligible for coverage after retirement, retired employees must be eligible for retirement under the Parochial Employees' Retirement System, see Note 8. The District currently has three active employees and no retirees in the plan. The District does not issue a publicly available financial report on the Plan.

The District's total OPEB liability of \$73,070 was measured as of December 31, 2018 and was determined by an actuarial valuation as of January 1, 2018.

Total OPEB Liability**Actuarial Assumptions and Other Inputs**

The total OPEB liability as of December 31, 2018 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless, otherwise specified:

Note 7 - POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

Measurement date	December 31, 2018
Actuarial valuation date	January 1, 2018
Inflation	2.50%
Salary increases, including inflation	3.00%
Discount rate	3.71%
Healthcare cost trend rates	Medical - 7.00% in year 1 decreasing in decrements of 0.50% per year until 5.00% through year 5
	Dental - 4.00% in year 1 decreasing in decrements of 0.25% per year until 3.00% through year 5.

The discount rate was based on the December 31, 2018 Fidelity General Obligation AA 20-Year Yield.

Mortality rates for active employees were based on the RPH-2014 Employee Mortality Table, Generational with Projection Scale MP-2018 for males or females, as appropriate.

Mortality rates for retirees were based on the RPH-2014 Healthy Annuitant Mortality Table, Generational with Projection Scale MP-2018 for males or females, as appropriate.

Effective January 1, 2019, retirees age 65 and over have the option of enrolling in a Medicare Advantage plan. Since the legal matters and enrollment changes were completed prior to December 31, 2018, the District has reflected the change in benefits at the December 31, 2018 measurement date, resulting in 70.00% of eligible retirees moving from the PPO plan. The change in benefits resulted in a direct reduction of the total OPEB liability of \$73,870 and was the primary input to the net reduction in OPEB liability of \$73,441 to a balance of \$73,070 at December 31, 2018.

Note 7 - POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)**Changes in the Total OPEB Liability**

	Total OPEB Liability
Balance as of December 31, 2017, as previously stated	\$ 147,909
Implementation of GASB No. 75	<u>(1,398)</u>
Balance as of December 31, 2017, restated	<u>146,511</u>
Changes for the year:	
Service cost	3,382
Interest	4,927
Difference between expected and actual experience	(731)
Changes in assumptions	(5,099)
Change in benefit terms	(73,870)
Benefit payments	<u>(2,050)</u>
Net changes	<u>(73,441)</u>
Balance as of December 31, 2018	<u><u>\$ 73,070</u></u>

Sensitivity to total OPEB Liability to Change in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate.

	1.00% Decrease (2.71%)	Current Discount Rate (3.71%)	1.00% Increase (4.71%)
Total OPEB Liability	<u>\$ 86,844</u>	<u>\$ 73,070</u>	<u>\$ 62,267</u>

Note 7 - POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

Sensitivity to total OPEB Liability to Change in the Health Cost Trend Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rate.

	<u>1.00% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1.00% Increase</u>
Total OPEB Liability	<u>\$ 60,921</u>	<u>\$ 73,070</u>	<u>\$ 89,128</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2018 the District recognized OPEB credit of \$68,583. As of December 31, 2018, the District reported deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Inflow of Resources</u>
Difference between expected and actual experience	\$ (609)
Change in assumptions	<u>(4,249)</u>
Total	<u>\$ (4,858)</u>

Note 7 - POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31,	Amount
2019	\$ (972)
2020	(972)
2021	(972)
2022	(971)
2023	(971)
Total	<u>\$ (4,858)</u>

Note 8 - DEFINED BENEFIT PENSION PLAN

Plan Description. The District contributes to Plan B of the Parochial Employees' Retirement System of Louisiana (System), a cost-sharing, multiple-employer defined benefit pension plan established by Act 205 of the 1952 regular session of the Legislature of the State of Louisiana to provide retirement benefits to all employees of any parish in the State of Louisiana or any governing body or a parish which employs persons serving the parish. Act 765 of the year 1979, Legislature of the State of Louisiana, revised the System to create Plan A and Plan B to replace the "regular plan" and the "supplemental plan". Plan A was designated for employers out of Social Security. Plan B was designated for those employers that remained in Social Security on the revision date. The Retirement System is governed by Louisiana Revised Statutes, Title 11, Section 1901 through 2025, specifically and other general laws of the State of Louisiana.

Benefits Provided. The System provides retirement, deferred retirement, disability and death benefits. Retirement benefits are generally equal to 2.0% of the member's final average compensation multiplied by the years of creditable service. For members hired prior to January 1, 2007 they may retire with full benefits at age 55 upon completing 30 years of service, retire at age 60 after completing 10 years of service or retire at age 65 after completing 7 years of service. For members hired after January 1, 2007 they may retire with full benefits at age 55 after completing 30 years of service, retire at age 62 after completing 10 years of service or retire at age 67 after completing 7 years of service.

Note 8 - DEFINED BENEFIT PENSION PLAN (Continued)

Act 338 of 1990 established the Deferred Retirement Option Plan (DROP) for the System. When a member enters DROP their status changes from active to retired even though they continue to work and draw their salary for up to three years. During the three year period, employer contributions continue but employee contributions cease. The monthly service retirement allowance the employee would have received had the person elected to terminate is paid into the DROP Fund. The election to participate in DROP is irrevocable once participation begins. Upon termination of employment a participant in DROP may receive a lump sum equal to payments into the participant's account, an annuity or a roll over to an Individual Retirement Account. Members hired before January 1, 2007 with 5 or more years of service who becomes disabled may receive retirement benefits determined in the same manner as retirement benefits. Members hired after January 1, 2007 with 7 or more years of service who become disabled may receive retirement benefits determined in the same manner as retirement benefits. Death benefits are payable to eligible surviving dependents based on the deceased member's years of creditable service and compensation and the dependent's relationship to the deceased member. The System provides permanent benefit increases, cost of living adjustments (COLA) as approved by the State Legislature.

Contributions. According to state statute, contributions for all employers are actuarially determined each year. For the year ending December 31, 2017, the actuarial employer contribution rate was 6.75% of member's compensation. However, the actual rate for the fiscal year ending December 31, 2017 was 8.00%.

According to state statute, the System also receives $\frac{1}{4}$ of 1% of ad valorem taxes collected within the respective parishes, except for Orleans and East Baton Rouge parishes. The System also receives revenue sharing funds each year as appropriated by the Legislature. Tax monies and revenue sharing monies are apportioned between Plan A and Plan B in proportion to the member's compensation. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities.

Contributions to the System were made at the rate of 7.50% of covered payroll and amounted to \$11,046 for the year ended December 31, 2018.

Pension Assets. As of December 31, 2018, the District reported an asset of \$18,131 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2017 and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. The District's proportion of the net pension asset was based on a projection of the District's share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. As of December 31, 2017, the District's proportion was 0.1441%, which was an increase of 0.0643% from its proportion measured as of December 31, 2016.

Note 8 - DEFINED BENEFIT PENSION PLAN (Continued)

Pension Expense. For the year ended December 31, 2018, the District recognized pension expense of \$11,112.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. As of December 31, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience		\$ (8,305)
Net difference between projected and actual earnings on pension plan investments		(26,110)
Change in proportionate share	\$ 2	(66)
Change in assumptions	10,185	-
Contributions subsequent to the measurement date	<u>11,046</u>	<u>-</u>
	<u>\$ 21,233</u>	<u>\$ (34,481)</u>

The District reported \$11,046 as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ending December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>For The Year Ending December 31,</u>	<u>Amount</u>
2018	\$ (3,364)
2019	(4,772)
2020	(7,812)
2021	<u>(8,346)</u>
Total	<u>\$ (24,294)</u>

Note 8 - DEFINED BENEFIT PENSION PLAN (Continued)

Actuarial Assumptions. A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2017 are as follows:

Actuarial Assumptions

Valuation Date	December 31, 2017
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining Service Lives	4 years
Inflation Rate	2.50%
Investment Rate of Return	6.75%, net of investment expense
Projected Salary Increases	5.25% (2.50% Inflation, 2.75% merit)
Mortality Rates	RP-2000 Healthy Annuitant Sex Distinct Tables were selected for annuitant and beneficiary mortality. RP-2000 Employees Sex Distinct Tables were for selected employees. RP-2000 Disabled Lives Mortality Table was selected for disabled annuitants.
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the capital asset pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.62% for the year ended December 31, 2017.

Note 8 - DEFINED BENEFIT PENSION PLAN (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of December 31, 2017 are as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	35.00%	1.24%
Equity	52.00%	3.57%
Alternatives	11.00%	0.69%
Real assets	<u>2.00%</u>	<u>0.12%</u>
Total	<u>100.00%</u>	5.62%
Inflation		<u>2.00%</u>
Expected Arithmetic Nominal Rate		<u>7.62%</u>

Discount Rate. The discount rate used to measure the collective pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Collective Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the District's proportionate share of the collective net pension liability (asset) using the discount rate of 6.75%, as well as what the Office's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage-point lower (5.75%) or one percentage-point higher (7.75%) than the current rate:

	<u>1.00% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1.00% Increase (7.75%)</u>
District's proportionate share of the net pension (asset) liability	<u>\$ 33,252</u>	<u>\$ (18,131)</u>	<u>\$ (56,818)</u>

Note 8 - DEFINED BENEFIT PENSION PLAN (Continued)

Pension Plan Fiduciary Net Position. The Parochial Employees' Retirement System of Louisiana issued a stand-alone audit report on their financial statements for the year ended December 31, 2017. Access to the audit report can be found on the System's website, www.persla.org or on the Louisiana Legislative Auditor's website, www.la.gov.

Note 9 - RISK MANAGEMENT

The District is exposed to various risks of loss related to workers' compensation; torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters and group health benefits for which the District participates in the Parish's risk management program for general liability, workers' compensation, group insurance, property and auto liability. No settlements were made during the year that exceeded the District's insurance coverage. The District's premiums for general liability are based on such factors as its operations and maintenance budget, exposure and claims experience. The Premiums for workers' compensation based on a fixed percentage of payroll. The District's premiums for group health insurance are based on a fixed rate per employee. The premiums for auto liability are based on the claims experience, vehicle type and mileage. The premiums for property are based on the District's property value to the total of all the property value covered. The Parish handles all claims filed against the District. The District could have additional exposure for claims in excess of the Parish's insurance contracts as described on the next page:

Policy	Coverage Limits
Physical Plant	\$65,000,000
General and Automobile Liability	\$10,000,000
Workers' Compensation	Statutory

Coverage for claims in excess of the stated limits above are to be funded first by assets of the Parish's risk management internal service fund, \$4,706,219 for general liability, worker's compensation, and property insurance as of December 31, 2017, then secondly by the District. The Parish is self-insured for the first \$175,000 of each claim relating to group health insurance. The aggregate deductible of all group claims relating to group insurance for 2017 was \$18,310,378. Insurance contracts cover excess liability on individual claims. Coverage for group health claim liabilities are to be funded first by the assets of the Parish's group health internal services fund, \$550,247 as of December 31, 2017, then secondly by the District. Worker's compensation claims in excess of \$550,000 are covered under an insurance contract for claims aggregate up to limits are to be funded first by assets of the Parish's workers' compensation internal service fund. As of December 31, 2018, the District had no claims in excess of the above coverage limits. Expenditures for premiums to the Parish for insurance coverage during the year ended December 31, 2018 totaled \$99,202.

Note 10 - RELATED PARTY FEES AND EXPENDITURES

In addition to the placement of various insurances, the District utilizes the Parish for the processing of payroll and purchasing of operating expenditures. The following is a summary of expenditures (excluding insurance) the District paid the Parish as reimbursement of costs:

Personal services	\$ 332,971
Supplies and materials	13,378
Repairs and maintenance	3,122
Other Services	<u>9,256</u>
Total	<u>\$ 358,727</u>

Note 11 - 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>
Charles Champagne	6	\$ 150
Kevin Eschete	12	300
Vincent Fusilier	11	275
Ronald Rainey	12	300
Misty Ruffin	12	300
Arleen Simmons	12	300
CJ Stoufflet	12	300
Bonita White	9	<u>225</u>
Total		<u>\$ 2,150</u>

Note 12 - STATE OF LOUISIANA TAX ABATEMENTS

The District's ad valorem tax revenues were reduced by \$12,205 under agreements entered into with the State of Louisiana.

Note 13 - SUBSEQUENT EVENTS

Management evaluates events occurring subsequent to the date of financial statements in determining the accounting for and disclosure of transactions and events that effect the financial statements. Subsequent events have been evaluated through June 6, 2019, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL
OPEB LIABILITY AND RELATED RATIOS**

Terrebonne Parish Recreation District No. 11

For the year ended December 31, 2018

	<u>2018</u>
Total OPEB Liability	
Service cost	\$ 3,382
Interest	4,927
Difference between expected and actual experience	(731)
Changes in assumptions or other inputs	(5,099)
Changes of benefit terms	(73,870)
Benefit payments	<u>(2,050)</u>
Net Change in Total OPEB Liability	(73,441)
Total OPEB Liability, beginning of year, restated	<u>146,511</u>
Total OPEB Liability, end of year	<u><u>\$ 73,070</u></u>
Covered Employee Payroll	<u>\$ 147,282</u>
Total OPEB liability as a percentage of covered employee payroll	<u><u>49.61%</u></u>

Notes to Schedule:

Changes of Benefit Terms:

Effective January 1, 2019, a Medicare Advantage plan was introduced as an option for eligible retirees.

Changes of assumptions and other inputs reflected the effects of changes in the discounts rate each period:

3.71%

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY (ASSET)

Terrebonne Parish Recreation District No. 11

December 31, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.1441%	0.0797%	0.0861%	0.1081%
District's proportionate share of the net pension liability (asset)	\$ (18,131)	\$ 10,350	\$ 17,107	\$ 8,539
District's covered-employee payroll	\$ 77,303	\$ 86,235	\$ 106,032	\$ 135,554
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-23.454%	12.002%	16.134%	6.299%
Plan fiduciary net position as a percentage of the total pension liability	104.02%	94.15%	92.23%	99.15%

SCHEDULE OF DISTRICT CONTRIBUTIONS**Terrebonne Parish Recreation District No. 11**

For the Year Ended December 31, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 11,046	\$ 6,184	\$ 6,899	\$ 9,543
Contributions in relation to the contractually required contribution	(11,046)	(6,184)	(6,899)	(9,543)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	<u>\$ 147,282</u>	<u>\$ 77,303</u>	<u>\$ 86,235</u>	<u>\$ 106,032</u>
Contributions as a percentage of covered-employee payroll	7.50%	8.00%	8.00%	9.00%

SUPPLEMENTARY INFORMATION SECTION

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

Terrebonne Parish Recreation District No. 11

For the Year Ended December 31, 2018

Agency Head Name: Noble Patterson Jr.

Purpose	Amount
Salary	\$ 31,974
Benefits - insurance	1,397
Benefits - retirement	-
Benefits - other	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	452
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Meals	-
	<u>\$ 33,823</u>

Note: Noble Patterson serves as the Facility Supervisor for the District. The Facility Supervisor functions as Chief Executive Officer because the District does not have an employee in that position.

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. 11,
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 each major fund of Terrebonne Parish Recreation District No. 11, State of Louisiana (the District) a component unit of Terrebonne Parish Consolidated Government as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise District's financial statements and have issued our report thereon dated June 6, 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal controls that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2018-001.

Terrebonne Parish Recreation District No. 11's Response to Finding

The District's response to the finding identified in our audit is described in management's corrective action plan on page 53. The District's response was not subject to auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Certified Public Accountants.

Houma, Louisiana,
June 6, 2019.

SCHEDULE OF FINDINGS AND RESPONSES

Terrebonne Parish Recreation District No. 11

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

Section II Financial Statement Findings

Compliance

2018-001 Debt service covenant

Criteria - The debt service covenant for the Limited Tax Certificates, Series 2018 calls for separate bank accounts to account for the restricted funds obtained through the tax certificate issuance and for the repayment of the certificates.

Condition – There were no separate accounts opened in order to comply with the debt service covenant.

Cause - An oversight by the administrative staff.

Section II Financial Statement Findings (Continued)

Compliance (Continued)

2018-001 Debt Service Covenant (Continued)

Effect – The District is not in compliance with the requirements of the debt service covenant.

Recommendation – It is recommended the District open up two checking accounts, one for Debt Service Fund and another for Capital Projects Fund, in order to comply with the covenants that call for a separate bank account to account for the restricted funds obtained through the bond issuance.

Views of Responsible Officials – The District agrees with the finding and recommended procedures have been implemented.

2018-002 2017 Public Notices

Criteria – Minutes, ordinances, resolutions, budgets and other official proceedings of the municipalities are published in the official journal (R.S. 43:141-146 and A.G. 86-528).

Condition – Several board minutes from 2017's meetings were not published in the official journal (The Courier).

Cause - An oversight by the administrative staff.

Effect – Board minutes were not available to the public.

Recommendation – It is recommended that the District publish all minutes for 2017 that were not previously published in the official journal (The Courier) and continue to publish minutes immediately after adoption by the Board.

Views of Responsible Officials – Minutes for 2017, that were not previously published, will be published in the Courier.

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. 11

For the year ended December 31, 2018

Section I Internal Control and Compliance Material to the Financial Statements

Internal Control

No material weaknesses or significant deficiencies 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

2017-001 Public Notices

Recommendation – It is recommended that the District publish Board meeting minutes for all meetings that occurred during the year ended December 31, 2017, in the official journal (The Courier) and continue to publish minutes immediately after adoption by the Board.

Management's Response – The District will publish all Board meeting minutes that occurred during the year ended December 31, 2017, and continues to publish minutes immediately after adoption by the Board. **Not Resolved, See Finding 2018-002.**

Section II Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Recreation District No. 11 did not expend federal awards in excess of \$750,000 during the year ended December 31, 2017 and therefore is exempt from the audit requirements under the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

Section III Management Letter

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

MANAGEMENT'S CORRECTIVE ACTION PLAN

Terrebonne Parish Recreation District No. 11

For the year ended December 31, 2018

Section I Internal Control and Compliance Material to the Financial Statements

Internal Control

No material weaknesses or significant deficiencies 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

2018-001 Debt service covenant

Recommendation – It is recommended the District open up two checking accounts, one for Debt Service Fund and another for Capital Projects Fund, in order to comply with the debt service covenant that calls for a separate bank account to account for the restricted funds obtained through the bond issuance.

Management's Response – The District will set up an additional bank account to monitor funds associated with the bond issuance in order to be in compliance with the debt service covenant.

2018-002 2017 Public Notices

Recommendation – It is recommended the District publish Board meeting minutes for all meetings that occurred during the year ended December 31, 2017, in the official journal (The Courier) and continue to publish minutes immediately after adoption by the Board.

Management's Response - The District will publish all Board meeting minutes that occurred during the year ended December 31, 2017, and continues to publish minutes immediately after adoption by the Board.

Section II Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Recreation District No. 11 did not expend federal awards in excess of \$750,000 during the year ended December 31, 2018 and therefore is exempt from the audit requirements under the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

Section III Management Letter

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

STATEWIDE AGREED-UPON PROCEDURES

INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners
Terrebonne Parish Recreation District No. 11,
Houma, Louisiana.

We have performed the procedures described in Schedule 2, which were agreed to by the Terrebonne Parish Recreation District No. 11 (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 and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States. 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,
June 6, 2019.

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

Terrebonne Parish Recreation District No. 11

For the year ended December 31, 2018

The required procedures and our findings are as follows:

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

1. Obtain the District's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the District does not have any written policies and procedures), as applicable:
 - a) Budgeting, including preparing, adopting, monitoring, and amending the budget
Performance: Obtained and read the written policy for budgeting, and found it to contain all requirements listed above.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.
 - b) Purchasing, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
Performance: Obtained and read the written policy for purchasing, and found it to contain all requirements listed above.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.
 - c) Disbursements, including processing, reviewing, and approving
Performance: Obtained and read the written policy for disbursements, and found it to contain all requirements listed above.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

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

- d) Receipts/Collections, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

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.

Exceptions: Management's policy on contracting does not include provisions for standard terms and conditions and legal review of the contracts entered into.

Management's response: Management will consider adding these provision for the contracts entered into by the District.

- 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.

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 to contain all requirements listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- 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.

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

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

Procedures performed on the District's Board:

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

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

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

Therefore, testing was not required in the current year.

Exceptions: Not applicable.

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

Therefore, testing was not required in the current year.

Exceptions: Not applicable.

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

Therefore, testing was not required in the current year.

Exceptions: Not applicable.

Management's response: Not applicable.

Procedures performed on the District's Bank Reconciliations:

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

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

Therefore, testing was not required in the current year.

Exceptions: Not applicable.

Management's response: Not applicable.

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g. initialed and dated, electronically logged);

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

Therefore, testing was not required in the current year.

Exceptions: Not applicable.

Management's response: Not applicable.

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

- b) Bank reconciliations include evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g. initialed and dated, electronically logged); and

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

Therefore, testing was not required in the current year.

Exceptions: Not applicable.

Management's response: Not applicable.

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date.

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

Therefore, testing was not required in the current year.

Exceptions: Not applicable.

Management's response: Not applicable.

Procedures performed on the District's Collections:

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

- a) Employees that are responsible for cash collections do not share cash drawers/registers.
Performance: Inspected policy manuals and inquired of management whether employees do not share cash drawers/registers.
Exceptions: All cash receipts collected go into the same safe until the deposit is made.
Management's response: Management will consider adding separate cash drawers for all employees who collect cash.
- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless other employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
Performance: Inspected policy manuals and inquired of management whether employees collecting cash are not responsible for making deposits.
Exceptions: Employees who collect cash receipts are also making deposits. No one reconciles the collection documents.
Management's response: Management will consider assigning the task of reconciling the collection documents to a person who isn't involved in the collection of cash.
- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
Performance: Inspected policy manuals and inquired of management whether 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 whether employees collecting cash do not make general ledger postings.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

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

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. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Procedures performed on the District's Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates selected and select a deposit if multiple deposits were made on the same day). Obtain supporting documentation for each of the 10 deposits and:

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

Performance: Obtained supporting documentation for the 6 selected deposits and observed that receipts were sequentially pre-numbered. The District has 3 bank accounts.

Exceptions: One selected deposit did not contain supporting documentation of a sequentially pre-numbered receipt.

Management's response: Management will consider attaching sequentially pre-numbered receipts to all deposits.

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

Performance: Traced supporting documentation to the deposit slip.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

Performance: Obtained statements for the five cards selected along with supporting documentation and observed for proper approval.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Obtained statements for the five cards selected and observed for finance charges and/or late fees.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

- 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: There were no exceptions noted.

Management's response: Not applicable.

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

- 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: It was noted that no meal charges were incurred.

Exceptions: Not applicable.

Management's response: Not applicable.

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

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

Performance: Requested a list of all travel and travel related expense reimbursement, and received management's representation in a separate letter. It was noted that no travel related expenditures were incurred.

Exceptions: Not applicable.

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: It was noted that no travel related expenditures were incurred.

Exceptions: Not applicable.

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: It was noted that no travel related expenditures were incurred.

Exceptions: Not applicable.

Management's response: Not applicable.

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

- 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: It was noted that no travel related expenditures were incurred.

Exceptions: Not applicable.

Management's response: Not applicable.

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

Performance: It was noted that no travel related expenditures were incurred.

Exceptions: Not applicable.

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

Therefore, testing was not required in the current year.

Exceptions: Not applicable.

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

Therefore, testing was not required in the current year.

Exceptions: Not applicable.

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

Therefore, testing was not required in the current year.

Exceptions: Not applicable.

Management's response: Not applicable.

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

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

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

Therefore, testing was not required in the current year.

Exceptions: Not applicable.

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

Therefore, testing was not required in the current year.

Exceptions: Not applicable.

Management's response: Not applicable.

Procedures performed on the District's Payroll and Personnel:

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

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. The manager approves attendance records for all employees, then forwards the timesheets to Terrebonne Parish Consolidated Government for payroll processing.

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. Randomly select two employees/officials', obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials personnel files.

Performance: Inquired of management of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. Randomly selected two terminated employees and tested that the termination payment calculations agreed to the cumulative leave records and related personnel files.

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

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

Performance: Inquired of ethics course completion certificates for five employees tested.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Observed documentation that the 5 employees selected attested through signature verification that he or she has read the ethics policy during the fiscal period.

Exceptions: No signature verification that the employee has read the District's ethics policy during the fiscal period.

Management's response: Management will consider enforcing that employees attest annually, through signature verification, that they have read the District's ethics policy.

Procedures performed on the District's Debt Service:

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that the State Bond Department approval was obtained for each bond/note issued.

Performance: Obtained a listing of the bonds/notes issued during the fiscal period and observed that the State Bond Department approval was obtained for each bond/note issued.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the District's Debt Service: (Continued)

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

Performance: Obtained a listing of the bonds/notes outstanding at the end of the fiscal period and inspected the corresponding debt covenant and supporting documentation.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Other procedures performed on the District:

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

24. Observe and report whether the District has posted on its premises and website, the notice required by R.S. 24:523.1. 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 and website.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.