

***TERREBONNE PARISH RECREATION
DISTRICT NO. 7***

ANNUAL FINANCIAL REPORT

***FOR THE YEAR ENDED
DECEMBER 31, 2017***

TERREBONNE PARISH RECREATION DISTRICT NO. 7
ANNUAL FINANCIAL REPORT
As of and for the Year Ended December 31, 2017

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TERREBONNE PARISH RECREATION DISTRICT NO. 7
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2017

This discussion and analysis of the Terrebonne Parish Recreation District No. 7 (the District)'s financial performance provides a narrative overview of the financial activities as of and for the fiscal year ended December 31, 2017. Please read it in conjunction with the basic financial statements and the accompanying notes to the financial statements.

FINANCIAL HIGHLIGHTS

Our financial statements provide these insights into the results of this year's operations:

- The net assets increased by 5% because of this year's operations. Net assets of our governmental activities increased by \$117,649. At the end of the year assets exceeded liabilities by \$2,446,594 (net position).
- During the year, expenses for recreational programs and facility upkeep were \$587,580, a decrease from the prior year of over \$37,000 or 6%. Revenues generated from these programs were \$36,606, a slight decrease from the prior year. General revenues were \$668,623.
- The governmental funds ended the year with a total fund balance of \$1,585,881 – of that \$300,000 was committed by the Board in the next year's budget and all of the remaining is considered unassigned.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (Government-Wide Financial Statements) provide information about the governmental activities as a whole and present a longer-term view of the finances. The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds (Fund Financial Statements) tell how services were financed in the short term as well as what remains for future spending. Fund financial statements also report the operations in more detail than the government-wide statements by providing information about the most significant funds.

Our auditor has provided assurance in his independent auditor's report that the basic financial statements are fairly stated. The auditor, regarding the Required Supplemental Information and the Other Supplemental Information is providing varying degrees of assurance. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Annual Report.

TERREBONNE PARISH RECREATION DISTRICT NO. 7
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2017

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the finances, in a manner like a private-sector business.

The statement of net position presents information on all the assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as an indicator of whether the financial position is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues, governmental activities, from other functions that are intended to recover all or a significant portion of their costs through user fees and charges, business-type activities.

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds—not as a whole. Some funds are required to be established by State laws.

The District utilizes the governmental type of fund with the following accounting approach. Most of the basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation at the bottom of the fund financial statements.

TERREBONNE PARISH RECREATION DISTRICT NO. 7
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2017

GOVERNMENT-WIDE FINANCIAL ANALYSIS (GWFS)

Net assets may serve over time as a useful indicator of the financial position. The net assets increased by 5% because of this year's operations. A large portion of the net assets (35%) is invested in capital assets, and consequently, these assets are not available for future spending. Unrestricted net assets—the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements—increased during this year by 12%. The balance in net assets represents the accumulated results of all past years' operations.

Our analysis below focuses on the net assets and changes in net assets of the governmental-type activities.

	Condensed Statement of Net Position		Increase (Decrease)	Percent Change
	2016	2017		
Current and Other Assets	\$2,039,290	\$2,170,876	\$ 131,586	6.5%
Capital Assets	921,670	860,713	(60,957)	-6.6%
Total Assets	2,960,960	3,031,589	70,629	2.4%
Liabilities	96,960	110,631	13,671	14.1%
Deferred Inflows	535,055	474,364	(60,691)	-11.3%
Net Invested in Capital Assets	921,670	860,713	(60,957)	-6.6%
Unrestricted	1,407,275	1,585,881	178,606	12.7%
Total Net Position	\$ 2,328,945	\$ 2,446,594	\$ 117,649	5.1%

Net position of governmental activities increased by \$117,649 or 5%.

Net program income (deficit) decreased by \$14,505 or 3%. General revenues increased by over \$48,000.

Key elements of this increase are as follows:

	Condensed Statement of Activities		Increase (Decrease)	Percent Change
	2016	2017		
Total program expenses	\$(625,436)	\$(587,580)	\$ (37,856)	-6.1%
Total program revenues	59,957	36,606	(23,351)	-38.9%
Net program income	(565,479)	(550,974)	14,505	-2.6%
General revenues	620,142	668,623	48,481	7.8%
Change in Net Position	54,663	117,649	62,986	115.2%

TERREBONNE PARISH RECREATION DISTRICT NO. 7
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2017

Net Position:

Beginning of the year, restated	2,274,282	2,328,945	54,663	2.3%
End of the year	<u>\$2,328,945</u>	<u>\$2,446,594</u>	<u>\$ 117,649</u>	5.1%

FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS (FFS)

The District uses funds to help it control and manage money for particular purposes. Looking at individual funds helps you consider whether the District is being accountable for the resources provided to it but may also give you more insight into the overall financial health. Such information is useful in assessing the financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund reported an ending fund balance of \$1,585,881 of which \$300,000 is committed by the Board for capital projects and the rest is unassigned. This reflects an increase of \$178,606 or 13% from the prior year.

Total revenues for governmental funds were \$705,229, a slight increase from the prior year. Current expenditures for recreation activities were \$519,281, a decrease of 7% from the prior year most substantially in personal services, material and supplies, insurance, and building repair and maintenance. Capital outlay equaled \$7,342.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget for the General Fund was revised during the year. All budget variances were under the 5% unfavorable amounts and in compliance with the Local Government Budget Act.

CAPITAL ASSETS

A summary of capital assets follows:

	12/31/2017	12/31/2016
NON-DEPRECIABLE ASSETS		
Land	\$ 303,719	\$ 303,719
Construction in Progress	241,242	13,900
	<u>324,962</u>	<u>317,619</u>
DEPRECIABLE ASSETS:		
Buildings & Improvements	1,432,708	1,452,708
Furniture	9,559	9,559
Equipment	<u>241,704</u>	<u>241,704</u>

TERREBONNE PARISH RECREATION DISTRICT NO. 7
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2017

Total Cost of depreciable assets	1,683,971	1,683,971
Total Cost of assets	2,008,933	2,001,590
ACCUMULATED DEPRECIATION		
Buildings & Improvements	955,627	909,051
Furniture	8,115	7,160
Equipment	184,477	163,709
Total accumulated depreciation	1,148,219	1,079,920
Net depreciable assets	\$ 535,752	\$ 604,052
Net capital assets	<u>\$ 860,713</u>	<u>\$ 921,670</u>

Capital assets, net of accumulated depreciation increased by \$60,957. This year there were \$7,342 of additions to capital assets and no disposals. Depreciation of \$68,300 was recorded on capital assets in the governmental activities. More detailed information about the capital assets is presented in Note 4 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Highlights of next year's General Fund budget include:

Condensed Summary of Budgeted Finances	
	2018
Anticipated revenues	\$605,300
Expenditures:	
Current	499,125
Capital outlay	685,000
Anticipated expenditures	1,184,125
Excess of revenues	(578,825)
Fund Balance:	
Beginning of the year	1,513,455
End of the year	<u>\$934,630</u>

The Board has committed \$300,000 of the fund balance for capital purchases.

TERREBONNE PARISH RECREATION DISTRICT NO. 7
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2017

CONTACTING FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances and to show accountability for the money it received. If you have questions about this report or need additional financial information, contact:

Mr. Donald Tivet, Chairman
PO Box 190
Chauvin LA 70344
Phone number 985-594-2020

FINANCIAL SECTION



STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

To the Commissioners of
Terrebonne Parish Recreation District No. 7
Houma, LA

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Terrebonne Parish Recreation District No. 7 (the District), a component unit of Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 2017, and the notes to the financial statements, which collectively comprise the 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 an opinion on these basic 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 Statements*, 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 basic financial statements are free of material misstatement.

An audit includes performing procedures to obtain audit evidence supporting 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluation the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund as of December 31, 2017 and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information 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 basic financial statements. The Schedule of Compensation, Benefits and Other Payments to Agency Head are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

These schedules are the responsibility of management and were derived from and relate 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 Schedule of Compensation, Benefits and Other Payments to Agency Head are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated May 18, 2018, on our consideration of the internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance.

Stagni & Company

Thibodaux, Louisiana
May 18, 2018



TERREBONNE PARISH RECREATION DISTRICT NO. 7

Statement of Net Position

December 31, 2017

ASSETS

Cash	\$ 1,597,599
Ad Valorem taxes receivable	353,762
Prepaid insurance	11,538
Due from other governments	206,977
Other	1,000
Capital Assets, net of accumulated depreciation	860,713
TOTAL ASSETS	<u><u>3,031,589</u></u>

LIABILITIES, DEFERRED INFLOWS AND NET POSITION

Liabilities-

Accounts payable & accrued liabilities	38,224
Unearned revenue-ad valorem taxes	<u>72,407</u>
	110,631

Deferred Inflows of Resources-

Property taxes - subsequent year	474,364
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Net Position:

Net Invested in capital assets	860,713
Unrestricted	<u>1,585,881</u>
<i>Total Net Position</i>	<u><u>\$ 2,446,594</u></u>

See notes to financial statements.

TERREBONNE PARISH RECREATION DISTRICT NO. 7

Statement of Activities - Governmental Activities
For the Year Ended December 31, 2017

	Expenses	Charges for services	Operating Grants	Net (Expense) Revenue
FUNCTIONS/PROGRAMS				
Recreational activities:	\$ 587,580	\$ 28,606	\$ 8,000	\$ (550,974)
Total governmental activities	<u>\$ 587,580</u>	<u>\$ 28,606</u>	<u>\$ 8,000</u>	<u>(550,974)</u>

GENERAL REVENUES

Ad valorem taxes	646,070
State Revenue Sharing	13,969
Interest	1,400
Miscellaneous	7,184
TOTAL GENERAL REVENUES	<u>668,623</u>

CHANGE IN NET POSITION

117,649

NET POSITION:

Beginning of year, restated	2,328,945
End of year	<u>\$ 2,446,594</u>

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See notes to the financial statements.

TERREBONNE PARISH RECREATION DISTRICT NO. 7

Balance Sheet - Governmental Fund - General Fund

December 31, 2017

ASSETS

Cash	\$ 1,597,599
Prepaid Items	11,538
Ad Valorem taxes receivable	353,762
Due from other governments	206,977
Other	1,000
TOTAL ASSETS	<u>\$ 2,170,876</u>

LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE

Liabilities

Accounts payable & accrued liabilities	\$ 38,224
Unearned revenue-ad valorem taxes	72,407
	<u>110,631</u>

Deferred Inflows of Resources

Property taxes - subsequent period	474,364
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Fund balance

Committed for capital projects	300,000
Unassigned	1,285,881
Total Fund balance	<u>1,585,881</u>

RECONCILIATION TO STATEMENT OF NET POSITION:

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

Add - Capital Assets-Non Depreciable	324,961	
Add - Capital Assets Depreciable	1,683,971	
Deduct - Accumulated Depreciation	<u>(1,148,219)</u>	<u>860,713</u>

Net assets of governmental activities	<u>\$ 2,446,594</u>
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See notes to financial statements.

TERREBONNE PARISH RECREATION DISTRICT NO. 7

Statement of Revenues, Expenditures, and Changes
in Fund Balances - Governmental Fund - General Fund
For the Year Ended December 31, 2017

REVENUES

Ad Valorem Taxes	\$ 646,070
State Revenue Sharing	13,969
TPCG Day Camp Grant	8,000
Fees & Rentals	28,606
Interest	1,400
Miscellaneous	7,184
TOTAL REVENUES	<u>705,229</u>

EXPENDITURES

Recreational - current:

Personal services and benefits	176,710
Supplies & materials	26,627
Other services & charges	140,876
Repairs & Maintenance	175,068
<i>Total recreational - current</i>	<u>519,281</u>

Capital Outlay

TOTAL EXPENDITURES	<u>7,342</u> <u>526,623</u>
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NET CHANGE IN FUND BALANCES

178,606

FUND BALANCES

Beginning of year	1,407,275
End of year	<u>\$1,585,881</u>

RECONCILIATION TO THE STATEMENT OF ACTIVITIES:

Net change in fund balances per above \$ 178,606

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Add - Capital outlay	7,342	
Miscellaneous adjustment to beginning balance	1	
Deduct - Depreciation expense	<u>(68,300)</u>	(60,957)

Change in net assets - governmental activities

\$ 117,649

See notes to financial statements.

TERREBONNE PARISH RECREATION DISTRICT NO. 7

Notes to the Financial Statements
For the Year Ended December 31, 2017

Terrebonne Parish Recreation District No. 7 (the District) is governed by a Board of Commissioners appointed by the Terrebonne Parish Consolidated Government organized under La. Revised Statute 33:4562 (A). The District provides for the construction, improvement, maintenance, and operations of recreation facilities within the boundaries of Ward 7 of the Parish of Terrebonne, State of Louisiana.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accompanying basic financial statements have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

As the governing authority, the Terrebonne Parish Consolidated Government is the financial reporting entity for Terrebonne Parish. Because the Terrebonne Parish Consolidated Government could by definition in statute be financially burdened by the Terrebonne Parish Recreation District No. 7, the District was determined to be a component unit of the Terrebonne Parish Consolidated Government. The accompanying financial statements present information only on the funds maintained by the District and its component unit and do not present information on the Terrebonne Parish Consolidated Government, the general government services provided by that governmental unit, or the other governmental reporting entity.

The accompanying financial statements will be included in the comprehensive annual financial report (CAFR) of the Parish for the year ending December 31, 2017.

C. Fund Accounting

The accounting system is organized and operated on a fund basis whereby a separate self-balancing set of accounts is maintained for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The various funds in the financial statements in this report are as follows:

TERREBONNE PARISH RECREATION DISTRICT NO. 7

Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Governmental Fund Type

Governmental funds account for all or most of the general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid.

The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources that may be used to finance future period programs or operations. The governmental fund is the General Fund. The General Fund is used to account for all financial resources and expenditures except those required to be accounted for in other funds. The General Fund is *always* a major fund.

D. Measurement Focus / Basis of Accounting

Fund Financial Statements (FFS)

The amounts reflected in fund financial statements, are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of operations.

The amounts reflected in the fund financial statements, use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available).

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. Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The court considers all revenues available if they are collected within 60 days after the fiscal year end.

TERREBONNE PARISH RECREATION DISTRICT NO. 7

Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

D. Measurement Focus / Basis of Accounting (continued)

Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

Revenues – Ad valorem taxes and the related state revenue sharing are recorded as revenue in the period for which levied, thus the 2016 property taxes which were levied to finance the 2017 budget are recognized as revenue in 2017. The 2017 tax levy is recorded as deferred revenue in the current financial statements. Charges for services are recorded when earned since they are measurable and available. Miscellaneous revenues are recorded as revenues when received in cash by the District because they are generally not measurable or available until actually received.

Expenditures – The major expenditures are recorded when payable or when the fees are incurred.

Government-Wide Financial Statements (GWFS)

The government-wide financial statements display information as a whole. These statements include all the financial activities. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed).

Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from non-exchange transactions are recognized in accordance with the requirements of Section N50.

Program Revenues - Program revenues included in the column labeled Statement of Activities are derived directly from users as a fee for services; program revenues reduce the cost of the function to be financed from the general revenues.

TERREBONNE PARISH RECREATION DISTRICT NO. 7

Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

E. 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.

F. Operating Budgets

As required by Louisiana Revised Statutes, The Board of Commissioners adopted a budget for the District's General Fund. The budgetary practices include public notice of the proposed budget and a public hearing on the budget prior of adoption. The Board must approve any amendment involving the transfer of monies from one function to another, or increases in expenditures. The district amended its budget for the year ended December 31, 2017. All budgeted amounts that are not expended or obligated through contracts lapse at year-end. The General Fund budget is adopted on a basis materially consistent with accounting principles generally accepted in the United States of America.

G. Cash and Investments

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less.

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States or any other federally insured investments, 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. Investments consist of certificates of deposits which are stated at cost and approximate market value.

H. Receivables

The financial statements for the District contain no allowance for uncollectible accounts. Uncollectible amounts due for ad valorem taxes 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.

TERREBONNE PARISH RECREATION DISTRICT NO. 7

Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

I. Capital Assets

In the government-wide financial statements, additions, improvements and other capital outlays that significantly extend the useful life of an asset are recorded and depreciated (capitalized). Capital assets purchased or acquired are valued at historical cost or estimated if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. Other costs incurred for repairs and maintenance is 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 Assets. All capital assets, other than land, are depreciated using the straight-line method over the following estimated useful lives:

CATEGORY	LIFE
BUILDINGS AND IMPROVEMENTS	5-40 YEARS
IMPROVEMENTS, OTHER THAN BUILDINGS	20 YEARS
EQUIPMENT & FURNITURE	5-15 YEARS
MACHINERY & EQUIPMENT	5-20 YEARS

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

J. Vacation and Sick Leave

Accumulated vacation, sick, and personal leave are recorded as expenditures of the period in which paid. Employees earn 80 hours of vacation leave, 64 hours of sick leave and 16 hours of personal leave per year. Unused leave cannot be carried forward to future years. There is no material unpaid leave at year-end.

TERREBONNE PARISH RECREATION DISTRICT NO. 7

Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

K. Fund Equity

For government-wide financial statements net assets are classified and displayed in three components:

- *Invested in capital assets* – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets, if any.
- *Restricted net assets* – Consists of net assets 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.
- *Unrestricted net assets* – All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

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.

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balance is further classified as *non-spendable*, *restricted*, *committed*, *assigned*, or *unassigned*.

- *Non-spendable* fund balance cannot be spent because of its form.
- *Restricted* fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions.
- *Committed* fund balance is a limitation imposed by the Board through approval in minutes.
- *Assigned* fund balances is a limitation imposed by a designee of the Board.
- *Unassigned* fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories. Negative unassigned fund balance in other governmental funds represents excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes.

TERREBONNE PARISH RECREATION DISTRICT NO. 7

Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 2 DEPOSITS

Deposits:

A summary of deposits are listed as follows:

	Bank Balance	Reported Amount
Cash	\$1,596,238	\$1,597,599

State law requires that deposits (cash and certificates of deposit) of all political subdivisions to be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the 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. Under the provision of GASB, pledged securities, which are not in the name of the governmental unit, are considered uncollateralized.

Custodial credit risk is the risk that in the event of a bank failure, deposits may not be returned to it. The District has a written policy for custodial credit risk. As of year-end \$1,346,238 of the bank balance of deposits was exposed to custodial credit risk. These deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name. At year-end the deposits were adequately collateralized by securities held by unaffiliated banks for the account of the District.

The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities subject to custodial credit risk. Even though the pledged securities are considered subject to custodial credit risk under the provisions of GASB Statement 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

TERREBONNE PARISH RECREATION DISTRICT NO. 7

Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 3 AD VALOREM TAXES

Property taxes are levied each November 1 on the assessed value listed as of the prior January 1 for all real property, merchandise and movable property located in the Parish. Assessed values are established by the Terrebonne Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A reevaluation of all property is required to be completed no less than every four years. The last reevaluation was completed for the list of January 1, 2016. Taxes are due and payable December 31 with interest being charged on payments after January 1. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which the taxes have not been paid are sold for the amount of the taxes. The tax rate for the revenue from ad valorem tax collections in the current year was 9.5 mills of assessed valuation on property within the District for the purpose of constructing, maintaining and operating recreation facilities.

Taxes levied November 1, 2017 are for budgeted expenditures in 2018 and will be recognized as revenues in 2018.

Note 4 CAPITAL ASSETS

Information about capital assets and depreciation for the year are summarized as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
NON-DEPRECIABLE ASSETS				
Land	\$ 303,719	\$ -	\$ -	\$ 303,719
Construction in Progress	13,900	7,342	-	21,242
	317,619	7,342	-	324,961
DEPRECIABLE ASSETS:				
Buildings & Improvements	1,432,708	-	-	1,432,708
Equipment & Furniture	9,559	-	-	9,559
Machinery & Equipment	241,704	-	-	241,704
Total Cost of depreciable assets	1,683,971	-	-	1,683,971
Total Cost of assets	2,001,590	7,342	-	2,008,932

TERREBONNE PARISH RECREATION DISTRICT NO. 7

Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 4 CAPITAL ASSETS (continued)

	Beginning Balance	Additions	Deletions	Ending Balance
ACCUMULATED DEPRECIATION				
Buildings & Improvements	909,051	46,575	-	955,626
Equipment & Furniture	7,160	956	-	8,116
Machinery & Equipment	163,708	20,769	-	184,477
Total accumulated depreciation	<u>1,079,920</u>	<u>68,300</u>	<u>-</u>	<u>1,148,219</u>
Net depreciable assets	<u>\$604,052</u>			<u>\$535,752</u>
Net capital assets	<u>\$921,670</u>			<u>\$860,713</u>

Depreciation Expense of \$68,300 was recorded in the governmental activities.

Note 5 RISK MANAGEMENT

The District is exposed to various risks of loss related to workmen's compensation; torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters and group health benefits for which the District carries commercial insurance and also participates in the Parish's risk management program for general liability and workers' compensation and group health, property. The premiums for workers' compensation are based on a fixed percentage of payrolls. The premiums for group health insurance are based on a fixed rate per employee. The District's premiums for general liability are based on various factors such as its operations and maintenance budget, exposure and claims experience. The Parish handles all claims filed against the District for which it has insurance coverage under the Parish. No settlements were made during the year that exceeded the District's insurance coverage.

Note 6 COMPENSATION OF BOARD MEMBERS

There were no payments to Board Members for the year.

***REQUIRED SUPPLEMENTAL
INFORMATION***

TERREBONNE PARISH RECREATION DISTRICT NO. 7

Budget Comparison Schedule - General Fund

For the Year Ended December 31, 2017

	Budgets			Variance
	Original	Final	Actual	Favorable (Unfavorable)
REVENUES				
Ad Valorem Taxes	\$600,000	\$600,000	\$646,070	\$ 46,070
State Revenue Sharing	4,800	4,800	13,969	
TPCG Day Camp Grant	20,000	20,000	8,000	(12,000)
Fees & Rentals	23,000	23,000	28,606	5,606
Interest	500	500	1,400	900
Miscellaneous	3,000	3,000	7,184	4,184
TOTAL REVENUES	651,300	651,300	705,229	44,760
EXPENDITURES				
Recreational - current:				
Personal services and benefits	245,725	245,725	176,710	69,015
Supplies & materials	39,500	39,500	26,627	12,873
Other services & charges	153,100	163,100	140,876	22,224
Repairs & Maintenance	63,000	63,000	175,068	(112,068)
Total recreational - current	501,325	511,325	519,281	(7,956)
Capital expenditures	685,000	380,200	7,342	372,858
TOTAL EXPENDITURES	1,186,325	891,525	526,623	364,902
NET CHANGE IN FUND BALANCES	(535,025)	(240,225)	178,606	418,831
FUND BALANCES				
Beginning of year	1,076,699	871,608	1,407,275	535,667
End of year	\$ 541,674	\$ 631,383	\$ 1,585,881	\$ 954,498

OTHER INFORMATION

TERREBONNE PARISH RECREATION DISTRICT NO. 7
Schedule of Compensation, Benefits and Other Payments to Agency Head
For the Year Ended December 31, 2017

Agency Head Name: Belinda Prosperie, Director

Purpose	Amount
Salary (from W-2)	\$ 79,512
Benefits-insurance	\$ 3,870
Benefits-retirement	\$ -
Deferred compensation (contributions made by the agency)	\$ -
Benefits-other (describe)	\$ -
Car allowance	\$ -
Vehicle provided by government (enter amount reported on W-2 adjusted for various fiscal years)	\$ -
Cell phone	\$ -
Dues	\$ -
Vehicle rental	\$ -
Per diem	\$ -
Reimbursements	\$ 208
Travel	\$ -
Registration fees	\$ -
Conference travel	\$ -
Housing	\$ -
Unvouchered expenses (example: travel advances, etc.)	\$ -
Special meals	\$ -
Other (including payments made by other parties on behalf of the agency head)	\$ -

This form is used to satisfy the reporting requirement of R.S. 24:513(A)(3) on Supplemental Reporting

***REPORTS REQUIRED BY GOVERNMENT
AUDITING STANDARDS***



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CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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 of
Terrebonne Parish Recreation District No. 7
Houma, LA

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 the Terrebonne Parish Recreation District No. 7, a component unit of Terrebonne Parish Consolidated Government as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents and have issued our report thereon dated May 18, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 internal control. Accordingly, we do not express an opinion on the effectiveness of the internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency or 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. 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.

To the Board of Commissioners
Terrebonne Parish Recreation District No. 7
Houma, LA
Page 2

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Stagni & Company

Thibodaux, LA
May 18, 2018



Terrebonne Parish Recreation District No. 7
Schedule of Current Year Findings
For the Year Ended December 31, 2017

We have audited the basic financial statements of the Terrebonne Parish Recreation District No. 7, a component unit of Terrebonne Parish Consolidated Government, which collectively comprise the basic financial statements as of and for the year ended December 31, 2017, and have issued our report thereon dated May 18, 2018. We conducted our audit in accordance with auditing standards and the standards generally accepted in the United States of America applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Section I - Summary of Auditor's Reports

- The auditor's report expresses an unmodified opinion on the basic financial statements.
- No deficiencies in internal control over financial reporting were disclosed during the audit of the financial statements.
- No instances of noncompliance or other matters under *Government Auditing Standards* were disclosed during the audit of the financial statements.
- No instances of noncompliance under the provisions of Louisiana Governmental Audit Guide were disclosed during the audit of the basic financial statements.
- There was no management letter issued in connection with this audit.
- The District neither received nor expended any federal awards during the year.

Section II - Financial Statement Findings

- There were no financial statement findings during the audit of the basic financial statements.

Section III - Federal Award Findings and Questioned Costs

- There were no federal award findings during the audit of the basic financial statements.





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CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

AGREED-UPON PROCEDURES REPORT

Terrebonne Parish Recreation District No. 7

Independent Accountant's Report
On Applying Agreed-Upon Procedures

For the Period January 1, 2017 – December 31, 2017

To the Board Members of the
Terrebonne Parish Recreation District No. 7 and
Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Terrebonne Parish Recreation District No. 7 (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 fiscal period January 1, 2017 through December 31, 2017. The District's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. 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 described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated results are as follows:

Written Policies and Procedures

1. Obtain the entity'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 entity does not have any written policies and procedures), as applicable:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

- c) **Disbursements**, including processing, reviewing, and approving.
- d) **Receipts**, including receiving, recording, and preparing deposits.
- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage.
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Results: The policies of the District address all of the functions listed, with the following exceptions:

- 1(b) The policy for purchasing does not address the preparation and approval process.
- 1(f) The policy for contracting does not address legal review.

Management's Response:

- Purchasing Policy - 1(b) - The District does not use a formal purchase order or requisition system, and is not considered necessary due to the small size of the entity.
- Contracting Policy - 1(f) - The District will consider revising its policy to reflect the legal review process.

Board (or Finance Committee, if applicable)

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

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
 - If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the



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deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

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

Results: The District met monthly. The minutes do not reference budget-to-actual comparisons on the General Fund or other major funds. The minutes reference approvals of bids, contracts and material purchases.

Management's Response: Management will include budget-to-actual comparisons at future monthly Board meetings.

Bank Reconciliations

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

Results: We obtained a listing of bank accounts from management and management's representation that the listing is complete.

- 4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three-year rotating basis (if more than five accounts). For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:
 - a) Bank reconciliations have been prepared;
 - b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and
 - c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Results: Bank reconciliations were prepared for all months. There was no written documentation that a member of management or a board member reviewed each bank reconciliation. There was one outstanding check from 2012 with no documentation that there was research to clear.

Managements Response: The accountant for the Board reconciles all bank reconciliations. In the future, a member of the Board will sign off as reviewing each bank reconciliation. All outstanding items over 6 months will be researched and documented as to its disposition.



Collections

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

Results: We obtained from management a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three-year rotating basis (if more than five locations). **For each cash collection location selected:**
 - a) Obtain existing written documentation (e.g., insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.
 - b) Obtain existing written documentation (e.g., sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.
 - c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
 - Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.
 - Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

Results: There was only 1 collection location for testing. Each person responsible for collecting cash is bonded. Duties were segregated per the policy. The person responsible for collecting cash was not responsible for reconciling cash collections to the general ledger. The District has a formal process to reconcile cash collections to the general ledger by a person who is not responsible for cash collections. While performing procedure 6(b), we noted that no receipts were provided, only a monthly collection report. While performing procedure 6(c), we noted all of the receipts collected were deposited the same or next day. All of the deposits tested had supporting documentation.



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

Results: The District does have a process specifically defined to determine completeness of all collections, including electronic transfers, for each revenue source by a person who is not responsible for collections.

Disbursements - General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

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

Results: We obtained from management a disbursement listing and management's representation that the listing is complete.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g., purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:
 - a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
 - b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
 - c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; (2) a receiving report showing receipt of goods purchased, or electronic equivalent; and (3) an approved invoice.

Results: We obtained supporting documentation for 25 disbursements. The criteria in steps 9(a), 9(b) were not applicable. For step 9(c) all disbursements tested did have an invoice or written approval for disbursement.

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



Results: The persons responsible for processing payments are prohibited from adding vendors to the District's disbursement system without approval.

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

Results: The persons (Board Chairman) with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

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

Results: No exceptions were identified as a result of these procedures.

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

Results: No exceptions were identified as a result of these procedures.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

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

Results: We obtained from management a credit card listing and management's representation that the listing is complete.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

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

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.
- b) Report whether finance charges and/or late fees were assessed on the selected statements.



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Results: The monthly statements were reviewed and approved by the card holder. No finance charges or late fees were assessed on the selected statements.

Managements Response: Someone other than the card user will begin reviewing and approving credit card statements in writing.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e., each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:
 - An original itemized receipt (i.e., identifies precisely what was purchased).
 - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
 - Other documentation that may be required by written policy (e.g., purchase order, written authorization).
- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/ disbursement policies and the Louisiana Public Bid Law (i.e., transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.
- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g., cash advances or non-business purchases, regardless of whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Results: Procedure 16(a) For the credit card selected for testing, it was supported by itemized receipts and documentation of the business/public purpose of each individual charge. Procedures 16(b) and 16(c) - No exceptions were identified as a result of these procedures.

Travel and Expense Reimbursement

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

Results: The District had no travel and expense reimbursements and we obtained management's representation that there were none.

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

Results: This procedure is not applicable.



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19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:
- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.
 - b) Report whether each expense is supported by:
 - An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
 - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
 - Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)
 - c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g., hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.
 - d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: This procedure is not applicable.

Contracts

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

Results: This procedure is not applicable. Management stated there was no contracts in effect for 2017. We obtained management's representation that the listing is complete.

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:
- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.



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- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
 - If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
 - If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.
- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.
- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.
- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g., Lawrason Act or Home Rule Charter).

Results: These procedures are not applicable.

Payroll and Personnel

- 22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:
 - a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure. Payments appear to have been made in strict accordance to the pay rate structure on the time sheets.
 - b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.
- Results:** We obtained a listing of employees from the general ledger and we obtained management's representation that the listing is complete. Payments appear to have been made in strict accordance to the pay rate structure on the time sheets.
- 23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:
 - a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).
 - b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.



- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

Results: For the 5 permanent employees selected there was evidence that they documented their daily attendance and leave in the biweekly time sheets. There was no written documentation that supervisors approved, in writing, the attendance and leave of the selected employees. We were not provided written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

Management's Response: The Director will provide written documentation of approval before payment on time sheets. The Director will provide written documentation of leave records, including the balances for all employees.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

Results: Management stated there were no terminations in 2017. We obtained management's representation that there were none.

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

Results: We did not obtain all supporting documentation relating to payroll taxes and retirement contributions during the fiscal period. We did not receive any support for state payroll taxes. The employee and employer portions of payroll taxes and retirement contributions as well as the required reporting forms were submitted to the applicable agencies by the required deadlines, for the payments tested.

Ethics (excluding nonprofits)

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

Results: Of the five employees selected, three did not have documentation to demonstrate that the required ethics training was completed.

Management's Response: Per the revised policy, all employees are required to complete the required ethics training annually.



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

Results: We inquired of management whether any alleged ethics violations were reported during the fiscal period. Management has received no such allegations.

Debt Service (excluding nonprofits)

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

Results: This procedure is not applicable.

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

Results: This procedure is not applicable.

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

Results: This procedure is not applicable.

Other

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

Results: We inquired of management whether the District had any misappropriations of public funds or assets. Management reported there have not been any misappropriations of public funds or assets.

32. Observe and report whether the entity 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.

Results: The District has posted on its premises and website the notice required by R.S. 24:523.1.



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

Results: No exceptions were identified as a result of these procedures.

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 those 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 solely 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 24:513, this report is distributed by the LLA as a public document.

Stagni & Company

Thibodaux, LA
June 27, 2018



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