

*Financial Report*

*Terrebonne Parish Recreation District No. 10*

*Theriot, Louisiana*

*For the year ended December 31, 2017*

***Financial Report***

***Terrebonne Parish Recreation District No. 10***

***Theriot, Louisiana***

***For the year ended December 31, 2017***

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For the year ended December 31, 2017

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**FINANCIAL SECTION**

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Commissioners,  
Terrebonne Parish Recreation District No. 10,  
Theriot, Louisiana.

We have audited the accompanying financial statements of the governmental activities and the General Fund of Terrebonne Parish Recreation District No. 10, State of Louisiana (the District), a component unit of Terrebonne Parish Consolidated Government, State of Louisiana, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the General Fund of Terrebonne Parish Recreation District No. 10 as of December 31, 2017, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 10, the Schedule of Funding Progress for the OPEB Plan on page 41 the Schedule of the District's Proportionate Share of Net Pension Liability on page 42 and the Schedule of the District's Contributions on page 43 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 44 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 as a whole.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 28, 2018 on our consideration of Terrebonne Parish Recreation District No. 10's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants.

Houma, Louisiana,  
May 28, 2018.

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

### **Terrebonne Parish Recreation District No. 10**

Management's Discussion and Analysis of the Terrebonne Parish Recreation District No. 10's financial performance presents a narrative overview and analysis of the District's financial activities for the year ended December 31, 2017. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with financial statements, which follow this section.

#### **FINANCIAL HIGHLIGHTS**

The District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2017 by \$2,114,901 (net position), which represents a 1.18% increase from last fiscal year's net position.

The District's revenue decreased by \$10,048 (or 1.65%) primarily due to lower ad valorem tax revenue and reductions in intergovernmental grants in the current year.

The District's expenses decreased \$22,289 (or 3.73%) primarily due to lower culture and recreation expenses in the current year.

The District did not have a deficit total fund balance.

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

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

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

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

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private sector business. The Statement of Net Position presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial

## **Government-wide Financial Statements (Continued)**

position of the District is improving or deteriorating. The Statement of Activities presents information showing how the District's net position changed during each fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. The governmental activity of the District is culture and recreation.

## **Fund Financial Statements**

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

The District maintains one individual governmental fund. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance for the General Fund. The District adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. The governmental fund financial statements can be found on pages 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, 2017, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$2,114,901. A large portion of the District's net position (74.99%) reflects its investment in capital assets (e.g., land; buildings; improvements; office furniture, fixtures and equipment; vehicles, machinery and equipment). Consequently, these assets are not available for future spending.

### **Condensed Statements of Net Position**

	<u>December 31,</u>		<u>Dollar</u>
	<u>2017</u>	<u>2016</u>	<u>Change</u>
Current and other assets	\$ 1,076,499	\$ 920,464	\$ 156,035
Capital assets	1,585,974	1,706,759	(120,785)
Total assets	<u>2,662,473</u>	<u>2,627,223</u>	<u>35,250</u>
Deferred outflows of resources	<u>12,795</u>	<u>17,455</u>	<u>(4,660)</u>
Current and other liabilities	4,975	3,525	\$ 1,450
Long-term liabilities	43,296	39,670	3,626
Total liabilities	<u>48,271</u>	<u>43,195</u>	<u>5,076</u>
Deferred inflows of resources	<u>512,096</u>	<u>511,245</u>	<u>851</u>
Net Position:			
Net invested in capital assets	1,585,974	1,706,759	(120,785)
Unrestricted	528,927	383,479	145,448
Total net position	<u>\$ 2,114,901</u>	<u>\$ 2,090,238</u>	<u>\$ 24,663</u>

Total assets increased as a result of an improving cash position in the District.

Total liabilities increased due to the District's increase in long-term liabilities, including other postemployment benefit obligations and compensated absences.

### **Governmental Activities**

Governmental activities increased the District's net position by \$24,663. Key elements of this increase are presented on the following page:

## Governmental Activities (Continued)

### Condensed Statement of Activities

	For the Years Ended December 31,		Dollar Change	Total Percent Change
	2017	2016		
<b>Revenues:</b>				
Program revenues:				
Charges for services	\$ 42,748	\$ 42,855	\$ (107)	-0.25%
General revenues:				
Taxes	518,643	523,733	(5,090)	-0.97%
Intergovernmental	36,031	41,038	(5,007)	-12.20%
Miscellaneous	2,723	2,567	156	6.08%
Total revenues	<u>600,145</u>	<u>610,193</u>	<u>(10,048)</u>	-1.65%
<b>Expenses:</b>				
General government	26,026	19,436	6,590	33.91%
Culture and recreation	549,456	578,335	(28,879)	-4.99%
Total expenses	<u>575,482</u>	<u>597,771</u>	<u>(22,289)</u>	-3.73%
Increase in net position	24,663	12,422	12,241	98.54%
Net position, beginning of year	2,090,238	2,077,816	12,422	0.60%
Net position, end of year	<u>\$ 2,114,901</u>	<u>\$ 2,090,238</u>	<u>\$ 24,663</u>	1.18%

District revenues decreased as a result of less collections of prior years' ad valorem taxes and reductions in the summer camp grant from the Terrebonne Parish Consolidated Government. District expenses decreased because of personnel cuts and less depreciation.

### FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND

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

### **Governmental Funds**

The focus of the District's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances is \$533,613, an increase of \$153,175 compared to the prior year. An unassigned fund balance of \$533,613 is available for spending at the District's discretion.

## **Governmental Funds (Continued)**

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, the total fund balance of the General Fund was \$533,613. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance to total fund expenditures. The fund balance of the District's General Fund increased by \$153,175 during the current fiscal year. This increase is due to a decrease in expenditures.

### **General Fund Budgetary Highlights**

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

#### **Revenues**

- Ad valorem taxes were increased \$46,026, after considering \$26,026 of adjustments and deductions, to appropriately reflect actual revenue.
- Intergovernmental revenue increased by \$28,500 to reflect the receipt of grants from Terrebonne Parish Consolidated Government for summer camp programs.
- Charges for services were increased by \$40,200 to reflect fees charged to summer camp attendees.

#### **Expenditures**

- Personal services increased by \$24,350 to account for summer camp employees pay.
- Other services and charges increased by \$12,600 to account for additional costs expected to be needed in association with the summer camp programs.
- Repairs and maintenance decreased by \$55,000 to account for less than anticipated expenditures in the current year.

During the year, actual revenues were lower than budgetary estimates; actual expenditures were higher than budgetary estimates

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

The District's investment in capital assets for its governmental activities as of December 31, 2017, amounts to \$1,585,974 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, vehicles, machinery and equipment, office furniture and fixtures and equipment.

## Capital Assets (Continued)

	<u>2017</u>	<u>2016</u>
Land	\$ 59,657	\$ 59,657
Buildings	2,392,340	2,392,340
Improvements other than buildings	998,422	989,031
Vehicles, machinery, and equipment	571,280	570,317
Office furniture, fixtures and equipment	<u>23,003</u>	<u>23,003</u>
Totals	<u>\$ 4,044,702</u>	<u>\$ 4,034,348</u>

Major capital asset events during the current fiscal year were installation of catch basins at Dularge Ball Park and installation of fence and gate at Harold Castille Sr. Community Park.

All projects that began worked on in 2017 were completed in 2017. Thus, there was no construction in progress at the end of the year.

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

### Long-Term Obligations

As of December 31, 2017, the District had \$43,296 in long-term obligations. More detailed information about the District's long-term obligations is presented in Notes 7, Exhibit F of this report. This includes liabilities for compensated absences, other postemployment benefits and net pension liabilities. The district recognized an obligation of \$28,268 for other postemployment benefits; see further explanation of this obligation in Note 8, Exhibit F of this report. The District implemented GASB Statement No. 68, *"Accounting and Financial Reporting for Pensions"* in 2015. The net pension liability was decreased by \$3,098 during 2017 to a balance of \$7,368 as of December 31, 2017. More detailed information about the District's net pension liability is presented in Note 9, 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 ad valorem tax revenue is budgeted to be consistent with past collections.
- Interest income is budgeted to be consistent with prior year.
- Swimming pool revenues are budgeted to be reduced due to the Board agreeing not to charge general admission.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES (Continued)**

- Salaries and wages are budgeted with a 3% increase for a cost of living adjustment.
- Continuing repairs to the District's aging properties and facilities continues to a source of concern. It is anticipated that the replacement of the sewerage processing equipment will cost as much as \$78,000 along with extensive repairs to the main facility's roof which will cost several thousands of dollars.
- The District purchased, in 2016, property located at the Dularge Middle School ball fields for additional parking. The additional property will require additional funds for maintenance and improvements.
- Air conditioning and heating equipment may be required to be replaced in 2018. The replacement of that system will be in excess of \$50,000.

## **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. 10, 1657 Dr. Beatrous Road, Theriot, LA 70397.

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

**Terrebonne Parish Recreation District No. 10**

December 31, 2017

	General Fund	Adjustments (Exhibit B)	Statement of Net Position
<b>Assets</b>			
Cash	\$ 560,981		\$ 560,981
Receivables:			
Taxes	343,040		343,040
Other	300		300
Due from other governmental units	144,256		144,256
Prepaid insurance	-	\$ 27,922	27,922
Capital assets:			
Non-depreciable	-	59,657	59,657
Depreciable, net of accumulated depreciation	-	1,526,317	1,526,317
Total assets	1,048,577	1,613,896	2,662,473
<b>Deferred outflows of resources - Pensions</b>	-	12,795	12,795
Total assets and deferred outflows of resources	\$ 1,048,577	1,626,691	2,675,268
<b>Liabilities</b>			
Accounts payables and accrued expenditures	\$ 3,540	-	3,540
Due to Terrebonne Parish Consolidated Government	1,435	-	1,435
Long-term liabilities:			
Due after one year	-	43,296	43,296
Total liabilities	4,975	43,296	48,271
<b>Deferred inflows of resources</b>			
Ad valorem taxes	509,989	-	509,989
Pensions	-	2,107	2,107
Total deferred inflows	509,989	2,107	512,096
Total liabilities and deferred inflows of resources	514,964	45,403	560,367
<b>Fund Balances/Net Position</b>			
Fund balances:			
Unassigned	533,613	(533,613)	-
Total liabilities and fund balances	\$ 1,048,577		
Net Position:			
Net investment in capital assets		1,585,974	1,585,974
Unrestricted		528,927	528,927
Total net position		\$ 2,114,901	\$ 2,114,901

See notes to financial statements.

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

**Terrebonne Parish Recreation District No. 10**

December 31, 2017

<b>Fund Balances - Governmental Fund</b>		\$ 533,613
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.		
Governmental capital assets	\$ 4,044,702	
Less accumulated depreciation	<u>(2,458,728)</u>	1,585,974
Deferred outflows of resources used in governmental activities are not financial resources and are not reported in governmental funds		
		12,795
Other assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Prepaid insurance		27,922
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Other postemployment benefit obligations	\$ (28,268)	
Compensated absences payable	(7,660)	
Net pension liability	<u>(7,368)</u>	(43,296)
Deferred inflows of resources are not due and payable in the current period and are not reported in governmental funds		
		<u>(2,107)</u>
<b>Net Position of Governmental Activities</b>		<b><u>\$ 2,114,901</u></b>

See notes to financial statements.

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

**Terrebonne Parish Recreation District No. 10**

For the year ended December 31, 2017

	Fund	Adjustments (Exhibit D)	Statement of Activities
<b>Revenues</b>			
Taxes	\$ 518,643		\$ 518,643
Intergovernmental:			
State of Louisiana:			
State revenue sharing	8,031		8,031
Terrebonne Parish Consolidated Government	28,000		28,000
Charges for services	42,748		42,748
Miscellaneous:			
Interest	2,415		2,415
Other	308		308
Total revenues	600,145		600,145
<b>Expenditures/Expenses</b>			
Current:			
General government:			
Ad valorem tax adjustment	8,661		8,661
Ad valorem tax deductions	17,365		17,365
Total general government	26,026		26,026
Culture and recreation:			
Personal services	188,431	\$ 8,417	196,848
Supplies and materials	27,277	-	27,277
Other services and charges	97,911	365	98,276
Repairs and maintenance	92,043	-	92,043
Depreciation	-	135,012	135,012
Total culture and recreation	405,662	143,794	549,456
Capital outlay	15,282	(15,282)	-
Total expenditures/expenses	446,970	128,512	575,482
<b>Net Change Fund Balance</b>	153,175	(153,175)	-
<b>Change in Net Position</b>	-	24,663	24,663
<b>Fund Balances/Net Position</b>			
Beginning of year	380,438	1,709,800	2,090,238
End of year	\$ 533,613	\$ 1,581,288	\$ 2,114,901

See notes to financial statements.

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

**Terrebonne Parish Recreation District No. 10**

For the year ended December 31, 2017

<b>Net Change in Fund Balances - Governmental Funds</b>	\$	153,175
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay	\$	15,282
Depreciation expense		<u>(135,012)</u>
		(119,730)
The net effect of miscellaneous transactions involving capital assets, such as dispositions, trade-ins and donations, is to decrease capital assets.		
		(1,055)
Some expenditures reported in the governmental funds require the use of current financial resources and are not reported as expenses in the statement of activities.		
Increase in prepaid insurance		690
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Other postemployment benefit obligations	\$	(5,964)
Increase in compensated absences payable		(760)
Pension expense		<u>(1,693)</u>
		<u>(8,417)</u>
<b>Change in Net Position of Governmental Activities</b>	\$	<u>24,663</u>

See notes to financial statements.

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

**Terrebonne Parish Recreation District No. 10**

For the year ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 480,000	\$ 526,026	\$ 518,643	\$ (7,383)
Intergovernmental:				
State of Louisiana:				
State revenue sharing	7,500	8,000	8,031	31
Terrebonne Parish Consolidated Government	-	28,000	28,000	-
Charges for services	2,500	42,700	42,748	48
Miscellaneous:				
Interest	1,500	2,450	2,415	(35)
Other	-	300	308	8
Total revenues	<u>491,500</u>	<u>607,476</u>	<u>600,145</u>	<u>(7,331)</u>
<b>Expenditures</b>				
Current:				
General government				
Ad valorem tax adjustments	-	8,661	8,661	-
Ad valorem tax deductions	-	17,365	17,365	-
Total general government	<u>-</u>	<u>26,026</u>	<u>26,026</u>	<u>-</u>
Culture and recreation:				
Personal services	163,600	187,950	188,431	(481)
Supplies and materials	41,000	28,600	27,277	1,323
Other services and charges	84,300	96,900	97,911	(1,011)
Repairs and maintenance	150,000	95,000	92,043	2,957
Total culture and recreation	<u>438,900</u>	<u>408,450</u>	<u>405,662</u>	<u>2,788</u>
Capital outlay	<u>35,000</u>	<u>-</u>	<u>15,282</u>	<u>(15,282)</u>
Total expenditures	<u>473,900</u>	<u>434,476</u>	<u>446,970</u>	<u>(12,494)</u>
<b>Excess of Revenues Over Expenditures</b>	<u>17,600</u>	<u>173,000</u>	<u>153,175</u>	<u>(19,825)</u>
<b>Fund Balance</b>				
Beginning of year	<u>355,206</u>	<u>380,438</u>	<u>380,438</u>	<u>-</u>
End of year	<u>\$ 372,806</u>	<u>\$ 553,438</u>	<u>\$ 533,613</u>	<u>\$ (19,825)</u>

See notes to financial statements.

**NOTES TO FINANCIAL STATEMENTS****Terrebonne Parish Recreation District No. 10**

December 31, 2017

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

The accounting policies of Terrebonne Parish Recreation District No. 10 (the District) conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of significant accounting policies:

**a) Reporting Entity**

The District is a component unit of the Terrebonne Parish Consolidated Government (the Parish) and as such, these financial statements will be included in the comprehensive annual financial report (CAFR) of the Parish for the year ended December 31, 2017.

GASB Statement No. 14, *The Financial Reporting Entity*, 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 property in its own name, sue and be sued, and the right to buy, sell and lease property in its own name.
2. Whether the governing authority appoints a majority of the board members of the potential component unit.
3. Fiscal interdependency between the District and the potential component unit.
4. Imposition of will by the District on the potential component unit.

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

**a) Reporting Entity (Continued)**

5. Financial benefit/burden relationship between the District and the potential component unit.

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

**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 (individual major funds).

**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. As a general rule, the effect of interfund activity has been removed from these statements. 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:**

Emphasis in the fund financial statements is on the major funds in governmental categories. The daily accounts and operations of the District are organized on the basis of funds 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, liabilities, equity, revenues and expenditures. Government resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The following is the governmental fund of the District:

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

**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 2017 property taxes which are being levied to finance the 2018 budget will be recognized as revenue in 2018. The 2017 tax levy is recorded as deferred inflows of resources in the District's 2017 financial statements. Charges for services are recorded when earned since they are measurable and available. Miscellaneous revenues are recorded as revenues when received in cash by the District because they are generally not measurable until actually received.

**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. An exception to this general rule is principal and interest on general long-term debt which is recognized when due. Allocations of cost such as depreciation are not recognized in the governmental funds.

**d) Use of Estimates**

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

**e) Operating Budgetary Data**

As required by the Louisiana Revised Statutes 39:1303, the Board of Commissioners (the Board) adopted a budget for the District's General Fund. The budgetary practices include public notice of the proposed budget, public inspection of the proposed budget, and a public hearing on the budget prior to adoption.

Any amendment involving the transfer of monies from one function to another or increases in expenditures must be approved by the Board. In order to remain in compliance with State budgeting laws, the District amended its budget once during the year. All budgeted amounts that are not expended, or obligated through contracts, lapse at year-end.

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

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

**f) Accounts Receivable**

The financial statements for the District 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) Prepaid Insurance**

The District has recorded prepaid insurance in its government-wide financial statements. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

**h) Capital Assets**

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

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.

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	5 - 40 years
Improvements other than buildings	7 - 30 years
Autos and trucks	6 years
Machinery and equipment	5 - 20 years
Office furniture, fixtures, and equipment	5 - 12 years

Fund Financial Statements:

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

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

**i) Long-Term Debt**

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

**Government-wide Financial Statements:**

All long-term debt to be repaid from governmental resources is reported as liabilities in the government-wide statements. The long-term debt consists of compensated absences, other net postemployment benefit (OPEB) obligations and the net pension liability.

**Fund Financial Statements:**

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

**j) Deferred Outflows/Inflows of Resources**

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

The District reports deferred inflows of resources in the governmental fund financial statements and government-wide financial statements when resources associated with imposed non-exchange revenue transactions are received or reported as a receivable before (a) the period for which property taxes are levied or (b) the period when resources are required to be used or when use is first permitted for all other imposed non-exchange revenues in which the enabling legislation includes time requirements. The District has deferred inflows of resources related to ad valorem taxes and pensions.

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

**k) Vacation and Sick Leave**

The District's policies regarding vacation and sick leave permits employees to accumulate earned but unused vacation and sick leave. The liability for these compensated absences is recorded as a long-term obligation in the government-wide statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources.

Employees of the District can earn 96 hours or 136 hours of vacation leave, depending on their length of employment. Accumulated vacation leave is due to the employee at the time of termination or death. The vacation policy provides that any annual leave, in excess of one year's earnings, remaining on the employees anniversary date will be transferred to sick leave. Hours forfeited are transferred to retirement for participants of the Parochial Employees' Retirement System.

Employees of the District earn 56 hours sick leave per year and are permitted to accumulate a maximum of 480 hours. Upon retirement, sick leave is paid to employees at one half of their accumulated sick leave to a maximum of 240 hours.

**l) 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.

**m) Other Postemployment Benefits**

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions*, requires governments to accrue postemployment benefits to the extent it is probable the employer will provide benefits conditioned on the employees retirement. District has recorded liabilities for postemployment health care benefits as of December 31, 2017.

In the government-wide financial statements the other postemployment benefits liability is recorded as long-term obligations.

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

**m) Other Postemployment Benefits (Continued)**

In the governmental fund type fund financial statements other postemployment benefit expenditures are recognized in the amount contributed to the plan or expected to be liquidated with expendable available financial resources. Expendable available financial resources generally refer to other postemployment benefit payments due and payable as of the end of the year.

**n) Equity**

Government-wide Statements:

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

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets, if any.
- b. Restricted net position - Consists of assets and deferred outflows of resources less liabilities and deferred inflows of resources (net position) with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

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

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 nonspendable form or because they are legally or contractually required to maintain intact.

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

**n) Equity (Continued)**

- b. Restricted - amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- c. Committed - amounts that can be used only for specific purposes determined by a formal action of the District's Board of Commissioners. Commitments may be established, modified, or rescinded only through resolutions approved by the District's Board of Commissioners.
- d. Assigned - amounts that do not meet the criteria to be classified as either restricted or committed but are intended to be used for specific purposes. Assigned amounts may be established, modified or rescinded by a majority vote of the District's Board of Commissioners.
- e. Unassigned - all other spendable amounts.

For the classification of government fund balances, the District considers an expenditure to be made from the most restrictive first when more than one classification is available. The District's fund balance was classified as unassigned as of December 31, 2017.

**o) New GASB Statements**

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

Statement No. 74, "*Financial Reporting for Postemployment Benefit Plans other than Pension Plans*" addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria and follows the framework for financial reporting of defined benefit OPEB plans in Statement 45 by requiring a statement of fiduciary net position and a statement of changes in fiduciary net position. The Statement requires more extensive note disclosures and RSI related to the measurement of the OPEB liabilities for which assets have been accumulated, including information about the annual money-weighted rates of return on plan investments and also sets forth note disclosure requirements for defined contribution OPEB plans. This statement did not affect the District's financial statements.

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

**o) New GASB Statements (Continued)**

Statement No. 80, "*Blending Requirement for Certain Component Units*" improves financial reporting by clarifying the financial statement presentation requirements for certain component units. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. This requirement enhances comparability and decision usefulness of financial statements among governments. This statement did not affect the District's financial statements.

Statement No. 81, "*Irrevocable Split Interest Agreements*" provides recognition and measurement guidance for situation in which a government is a beneficiary of an irrevocable split interest agreement. This Statement requires that a government that receives resources pursuant to an irrevocable split interest agreement recognize assets, liabilities and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in agreements administered by third parties. Governments are required by this Statement to recognize revenue when the resources become applicable to the reporting period. This Statement enhances comparability and decision usefulness of financial statements among governments. This statement did not affect the District's financial statements.

Statement No. 82, "*Pension Issues*" addresses several issues raised with respect to Statements No. 67, "*Financial Reporting for Pension Plans*," No. 68, "*Accounting and Financial Reporting for Pensions*," and No. 73, "*Accounting and Financial Reporting for Pensions and Related Assets that are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*." Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes; and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This statement did not affect the District's financial statements.

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) New GASB Statements (Continued)

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

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

Statement No. 84, *"Fiduciary Activities"* improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are 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

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

**o) New GASB Statements (Continued)**

effective for reporting periods beginning after December 15, 2018. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 85, "*Omnibus 2017*." On March 20, 2017, GASB issued "*Omnibus 2017*" covering four main topics: blending component units; goodwill, fair value measurement and application; and postemployment benefits. "*Omnibus 2017*" is effective for fiscal years beginning after June 15, 2017. However, due to the nature of topic covered, GASB is allowing the option of early implementation for single topics. Management has not yet determined the effect of this Statement on the 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. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged. Management has not yet determined the effect of this Statement on the financial statements.

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

**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.

**Deposits:**

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

The year-end balances of deposits are as follows:

	<u>Bank Balances</u>	<u>Reported Amounts</u>
Cash	<u>\$ 569,890</u>	<u>\$ 560,981</u>

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a written policy for custodial risk but does comply with state law in custodial activities. As of December 31, 2017, \$319,890 of the District's bank balance of \$569,890 was exposed to custodial credit risk. These deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, and are deemed to be held in the District's name by state statutes.

As of December 31, 2017, cash in excess of FDIC insurance was adequately collateralized, under state law, by securities held by unaffiliated banks for the amount of the District. The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities subject to custodial credit risk. Even though the pledged securities are considered subject to custodial credit risk under the provisions of GASB Statement No. 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

**Note 3 - PROPERTY TAXES**

Property taxes are levied each November 1 on the assessed value listed as of the prior January 1 for all real property, merchandise and movable property located in the Parish. Assessed values are established by the Terrebonne Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A reevaluation of all property is required to be completed no less than every four years.

The last reevaluation was completed for the list of January 1, 2016. Taxes are due and payable December 31 with interest being charged on payments after January 1. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which the taxes have not been paid are sold for the amount of the taxes. The tax rate for the year ended December 31, 2017 was \$11.45 per \$1,000 of assessed valuation on property within Recreation District No. 10 for the purpose of maintaining and operating recreational facilities within the District. As indicated in Note 1c, taxes levied November 1, 2017 are for budgeted expenditures in 2018 and will be recognized as revenues in 2018. The 2017 tax assessment, less deductions for the assessor's retirement, has been reported as deferred inflows of resources as of December 31, 2017.

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

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

State of Louisiana - State revenue sharing	\$ 5,318
Terrebonne Parish Tax Collector - December 2017 collections remitted to the District in January 2018:	
Ad valorem taxes	136,279
State revenue sharing	<u>2,659</u>
Total	<u><u>\$ 144,256</u></u>

**Note 5 - CHANGES IN CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2017 was as follows:

	Balance January 1, 2017	Additions	Deletions	Balance December 31, 2017
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Capital assets not being depreciated:				
Land	\$ 59,657			\$ 59,657
Capital assets being depreciated:				
Buildings	2,392,340			2,392,340
Improvements other than buildings	989,031	\$ 9,391		998,422
Autos and trucks	18,196	-		18,196
Machinery and equipment	552,121	5,891	\$ 4,928	553,084
Office furniture, fixtures and equipment	23,003	-	-	23,003
Total capital assets being depreciated	<u>3,974,691</u>	<u>15,282</u>	<u>4,928</u>	<u>3,985,045</u>
Less accumulated depreciation for:				
Buildings	(1,496,417)	(60,580)	-	(1,556,997)
Improvements other than buildings	(509,289)	(42,719)	-	(552,008)
Autos and trucks	(16,680)	(1,516)	-	(18,196)
Machinery and equipment	(286,709)	(29,459)	(3,873)	(312,295)
Office furniture, fixtures and equipment	(18,494)	(738)	-	(19,232)
Total accumulated depreciation	<u>(2,327,589)</u>	<u>(135,012)</u>	<u>(3,873)</u>	<u>(2,458,728)</u>
Total capital assets being depreciated, net	<u>1,647,102</u>	<u>(119,730)</u>	<u>1,055</u>	<u>1,526,317</u>
Total capital assets, net	<u>\$ 1,706,759</u>	<u>\$ (119,730)</u>	<u>\$ 1,055</u>	<u>\$ 1,585,974</u>

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

Accounts payable and accrued expenditures as of December 31, 2017 consisted of invoices payable to vendors.

**Note 7 - LONG-TERM OBLIGATIONS**

The following is a summary of changes of long-term obligations of the District for the year ended December 31, 2017:

	Payable January 1, 2017	Obligations		Payable December 31, 2017
		Retired	Generated	
Compensated absences	\$ 6,900	\$ (3,368)	\$ 4,128	\$ 7,660
Other postemployment benefits	22,304	-	5,964	28,268
Net pension liability	<u>10,466</u>	<u>(3,098)</u>	<u>-</u>	<u>7,368</u>
	<u>\$ 39,670</u>	<u>\$ (6,466)</u>	<u>\$ 10,092</u>	<u>\$ 43,296</u>

Compensated absences are described in Note 1. Other postemployment healthcare benefits are described in Note 8. Net pension liabilities are further described in Note 9.

**Note 8 - POSTEMPLOYMENT HEALTHCARE BENEFITS**

**Plan Description**

The District administers a single employer defined benefit healthcare plan (the Plan). The Plan provides for the payment of medical, dental and life insurance premiums for eligible employees, retirees and their dependents as approved by the Board of Commissioners. For employees 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 and before January 1, 2013 with at least ten years of permanent full-time creditable service with the District shall be eligible to participate in the Plan approved by the Board of Commissioners under the following vesting schedule: 10 years of service, 27.5%, 11 to 15 years of service, 27.5% plus, 2.75% per year; 16 to 20 years of service, 41.25% plus 3.75% per year; 21 years or more of service, 60% plus 4.25% per year of service over 20 years of service, limited to 80% of the premium. Employees hired on or after January 1, 2013 and retiring with at least 30 years of permanent full time creditable service shall be eligible to participate in the approved Plan with benefits limited to 80% of the premium. 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 9. The District does not issue a publicly available financial report on the Plan.

**Note 8 - POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)**

**Funding Policy**

The District fully funds required premiums based on pay-as-you-go financing requirements. For the fiscal year 2017 the District did not pay any premiums for the retirees.

**Annual OPEB Cost and Net OPEB Obligation**

The District's annual OPEB cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Annual required contribution (ARC)	\$ 5,980
Interest adjustment to net OPEB obligation	781
Adjustments to ARC	<u>(797)</u>
Annual OPEB cost (expense)	5,964
Net OPEB obligation - beginning of year	<u>22,304</u>
 Net OPEB obligation - end of year	 <u>\$ 28,268</u>

The District's annual OPEB cost, the percentage of annual OPEB premiums paid, and the net OPEB obligation as of December 31, 2017 is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Liability</u>
12/31/2015	\$2,957	0.00%	\$16,336
12/31/2016	\$5,968	0.00%	\$22,304
12/31/2017	\$5,964	0.00%	\$28,268

**Note 8 - POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)**

**Funded Status and Funding Progress**

As of January 1, 2016, the most recent actuarial valuation date, the unfunded actuarial accrued liability (UAAL) was \$69,302. Covered payroll for eligible employees was \$56,502 and the total UAAL represents 122.65 percent of covered payroll.

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

**Actuarial Methods and Assumptions**

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

In January 1, 2016 actuarial valuations, the entry age-normal actuarial cost method was used. The actuarial assumptions included a 3.5 percent investment rate of return (discount rate), a 3.0 percent expected increase in payroll and annual medical cost trend rate of 7.0 percent initially, reduced by decrements to an ultimate rate of 5.0 percent after five years. The annual dental cost trend was initially 3.5 percent, reduced by decrements to an ultimate rate of 3.0 percent after three years. Zero trends were assumed for valuing life insurance. The fully generational RPH-2014 Employee Mortality Table was used to determine mortality rates for active employees, while the RPH 2014 Healthy Annuitant Table was used for retirees and their spouses. Scale MP-2015 was used to project mortality improvement. Other assumptions include (1) expenses per participant per month are expected to remain constant through 2017, (2) 60 percent of employees will choose to continue basic life insurance benefits, (3) family coverage includes a spouse and no children, and (4) male spouses are three years older than females. The UAAL is being amortized over an open 30 year period using the level percent of payroll method with an assumption that payroll increases by 3 percent per year.

**Note 9 - 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 to employees who work at least 28 hours a week. 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.

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 become disabled may receive 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 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.

**Note 9 - DEFINED BENEFIT PENSION PLAN (Continued)**

**Contributions.** According to state statute, contributions for all employers are actuarially determined each year. For the year ending December 31, 2016, the actuarial employer contribution rate was 7.20% of member's compensation. However, the actual rate for the fiscal year ending December 31, 2016 was 8.00%.

According to state statute, the system receives ¼ 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 from the District were \$4,521 for the year ended December 31, 2017.

**Pension Liabilities.** As of December 31, 2017, the District reported a liability of \$7,368 for its proportionate share of System's the net pension liability. The net pension liability was measured as of December 31, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. As of December 31, 2016, the District's proportion was 0.056716%, which was a decrease of 0.002068% from its proportion measured as of December 31, 2015.

**Pension Expense.** For the year ended December 31, 2017, the District recognized pension expense of \$6,213.

**Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.** As of December 31, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience		\$ (2,107)
Net difference between projected and actual earnings on pension plan investments	\$ 7,357	-
Change in proportionate share	37	-
Changes in assumptions	880	-
Contributions subsequent to the measurement date	4,521	-
	\$ 12,795	\$ (2,107)

**Note 9 - DEFINED BENEFIT PENSION PLAN (Continued)**

The District reported \$4,521 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For The Year Ending <u>December 31,</u>	<u>Amount</u>
2018	\$ 2,060
2019	2,548
2020	1,768
2021	<u>(209)</u>
Total	<u>\$ 6,167</u>

**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:

<b>Valuation Date</b>	December 31, 2016
<b>Actuarial Cost Method</b>	Entry Age Normal
<b>Actuarial Assumptions:</b>	
<b>Expected Remaining Service Lives</b>	4 years
<b>Investment Rate of Return</b>	7.00%, net of investment expense, including inflation.
<b>Projected Salary Increases</b>	5.25% (2.50% Inflation, 2.75% merit)
<b>Mortality Rates</b>	RP-2000 Employee Sex Distinct Table was selected for employees. RP-2000 Healthy Annuitants Sex Distinct was selected for annuitants and beneficiaries. RP-2000 Disabled Lives Mortality Table was selected for disabled annuitants.
<b>Cost of Living Adjustments</b>	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.

**Note 9 - DEFINED BENEFIT PENSION PLAN (Continued)**

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing method (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 7.66% as of December 31, 2016.

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, 2016 are as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	35.00%	1.24%
Equity	52.00%	3.63%
Alternatives	11.00%	0.67%
Real assets	2.00%	0.12%
Total	100.00%	5.66%
Inflation		2.00%
Expected Arithmetic Nominal Rate		7.66%

**Discount Rate.** The discount rate used to measure the collective pension liability was 7.00%. 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.

**Note 9 - DEFINED BENEFIT PENSION PLAN (Continued)**

**Sensitivity of the District's Proportionate Share of the Collective Net Pension Liability to Changes in the Discount Rate.** The following presents the District's proportionate share of the collective net pension liability using the discount rate of 7.00%, as well as what the Office's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.00%) or one percentage-point higher (8.00%) than the current rate:

	1.00% Decrease <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	1.00% Increase <u>(8.00%)</u>
District's proportionate share of the net pension asset (liability)	<u>(\$28,011)</u>	<u>(\$7,368)</u>	<u>\$10,058</u>

**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, 2016. Access to the audit report can be found on the System's website, [www.persla.org](http://www.persla.org) or on the Louisiana Legislative Auditor's website, [www.la.gov](http://www.la.gov).

**Note 10 - RISK MANAGEMENT**

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

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

**Note 10 - RISK MANAGEMENT (Continued)**

Coverage for general liability claims in excess of the above stated limits are to be funded first by assets of the Parish's risk management internal service fund, \$5,208,857 as of December 31, 2016, then secondly by the District. The Parish is self-insured for the first \$175,000 of each claim relating to group health insurance. The aggregate deductible for all group claims relating to group health insurance for 2016 was \$19,880,318. Insurance contracts cover the excess liability on individual claims. Covered employees are subject to a lifetime maximum claims limit. Coverage for group health claim liabilities are to be funded by assets of the Parish's group health internal service fund, \$238,436 as of December 31, 2016, then secondly by the District. Workers' compensation claims in excess of \$550,000 are covered under an insurance contract for claims aggregate up to limits are to be funded first by assets of the Parish's workers' compensation internal service fund. As of December 31, 2017, the District had no claims in excess of the above coverage limits.

Expenditures for premiums to the Parish during the year ended December 31, 2017 totaled \$32,243.

**Note 11 - COMPENSATION OF BOARD MEMBERS**

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

<u>Board Members</u>	<u>Number of Meetings Attended</u>	<u>Per Diem</u>
Arthur Bishop	11	\$ 275
Richard Breaux	5	125
Daniel Constant	1	25
Shirley Liner	11	275
Lee Molaison	10	250
Dren Theriot	11	275
Wayne Theriot	11	275
Total		<u>\$ 1,500</u>

**Note 12 - CONTINGENCIES**

During the year ended December 31, 2016, the District was informally notified by FEMA that it may have been over compensated for damages sustained in 2009 as a result of Hurricane Ike. The amount of the overpayment is approximately \$34,000. Through the date of this report no official demand has been received from FEMA and the District has not recognized a liability for repayment or a course of action to contest the request.

**Note 13 - STATE OF LOUISIANA TAX ABATEMENTS**

The District's ad valorem tax revenues were reduced by \$34,597 under agreements entered into by the State of Louisiana.

**Note 14 - 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 May 28, 2018 which is the date the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF FUNDING PROGRESS FOR THE OPEB PLAN**

**Terrebonne Parish Recreation District No. 10**

December 31, 2017

<u>Actuarial Valuation Date</u>	<u>Actuarial Valuation of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as of Percentage of Covered Payroll ((b-a)/c)</u>
1/1/2010	-	\$21,495	\$21,495	0.00%	\$22,500	95.5%
1/1/2012	-	\$23,423	\$23,423	0.00%	\$45,506	51.5%
1/1/2014	-	\$30,927	\$30,927	0.00%	\$52,559	58.8%
1/1/2016	-	\$69,302	\$69,302	0.00%	\$56,502	122.7%

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE  
SHARE OF THE NET PENSION LIABILITY**

**Terrebonne Parish Recreation District No. 10**

December 31, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.0567%	0.0588%	0.0616%
District's proportionate share of the net pension liability	<u>\$7,368</u>	<u>\$10,466</u>	<u>\$4,587</u>
District's covered-employee payroll	<u>\$56,502</u>	<u>\$56,502</u>	<u>\$56,502</u>
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	13.04%	18.52%	8.12%
Plan fiduciary net position as a percentage of the total pension liability	95.50%	93.48%	99.89%

**SCHEDULE OF DISTRICT'S CONTRIBUTIONS****Terrebonne Parish Recreation District No. 10**

December 31, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 4,521	\$ 4,520	\$ 5,085
Contributions in relation to the contractually required contribution	<u>(4,521)</u>	<u>(4,520)</u>	<u>(5,085)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	<u>\$ 56,502</u>	<u>\$ 56,502</u>	<u>\$ 56,502</u>
Contributions as a percentage of covered - employee payroll	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. 10**

December 31, 2017

**Agency Head Name:** Tammy C. Knight

<b>Purpose</b>	<b>Amount</b>
Salary	\$ 56,501
Benefits - insurance	16,646
Benefits - retirement	2,825
Benefits - other	898
Car allowance	-
Vehicle provided by government	195
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Meals	-
	<hr/>
	<b>\$ 77,065</b>

Note: Tammy C. Knight is the Director for the District and functions as the Chief Executive Officer.

**SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS**

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

To the Board of Commissioners,  
Terrebonne Parish Recreation District No. 10,  
Theriot, 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. 10 (the District) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise District's financial statements and have issued our report thereon dated May 28, 2018.

**Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

### **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.

*Bougeois Bennett, L.L.C.*

Certified Public Accountants.

Houma, Louisiana,  
May 28, 2018.

## SCHEDULE OF FINDINGS AND RESPONSES

### Terrebonne Parish Recreation District No. 10

For the year ended December 31, 2017

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

##### a) Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?    \_\_\_ yes     X  no

##### b) Federal Awards

Terrebonne Parish Recreation District No. 10 did not expend federal awards in excess of \$750,000 during the year ended December 31, 2017 and therefore is exempt from the audit requirements under the *Uniform Guidance*.

#### Section II Financial Statement Findings

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

#### Section III Federal Award Findings and Questioned Costs

Not applicable.

**REPORTS BY MANAGEMENT**

## **SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES**

### **Terrebonne Parish Recreation District No. 10**

For the year ended December 31, 2017

#### **Section I Internal Control and Compliance Material to the Financial Statements**

##### **Internal Control**

No material weaknesses were noted during the audit for the year ended December 31, 2016. No significant deficiencies were reported during the audit for the year ended December 31, 2016.

##### **Compliance**

No compliance findings material to the financial statements were noted during the audit for the year ended December 31, 2016.

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

Terrebonne Parish Recreation District No. 10 did not expend federal awards in excess of \$750,000 during the year ended December 31, 2016 and therefore is exempt from the audit requirements under the *Uniform Guidance*.

#### **Section III Management Letter**

A management letter was not issued in connection with the audit for the year ended December 31, 2016.

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

### **Terrebonne Parish Recreation District No. 10**

For the year ended December 31, 2017

#### **Section I Internal Control and Compliance Material to the Financial Statements**

##### **Internal Control**

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

##### **Compliance**

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

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

Terrebonne Parish Recreation District No. 10 did not expend federal awards in excess of \$750,000 during the year ended December 31, 2017 and therefore is exempt from the audit requirements under the *Uniform Guidance*.

#### **Section III Management Letter**

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

## **AGREED-UPON PROCEDURES**

**INDEPENDENT ACCOUNTANT'S REPORT ON**  
**APPLYING AGREED-UPON PROCEDURES**

To the Board of Commissioners,  
Terrebonne Parish Recreation District No. 10,  
Theriot, Louisiana.

We have performed the procedures described in Schedule 2, which were agreed to by Terrebonne Parish Recreation District No. 10, State of Louisiana (the District) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the year ended December 31, 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 the attestation standards established by the Association of International Certified Professional Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures referred to above, either for the purpose for which this report has been requested, or for any other purpose.

The procedures and associated findings are described in Schedule 2.

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

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

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants

Houma, Louisiana,  
May 28, 2018.

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

**Terrebonne Parish Recreation District No. 10**

For the year ended December 31, 2017

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: Management's policy on budgeting does not include a provision discussing the budget preparation or monitoring.  
Management's response: Management will consider adding a provision discussing the budget preparation and monitoring.
  - 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: Inquire of management for a purchasing policy.  
Exceptions: Management does not have a purchasing policy.  
Management's response: Management will consider drafting a purchasing policy with the provisions listed above.
  - 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: No exceptions noted.  
Management's response: Not applicable.
  - d) Receipts, including receiving, recording, and preparing deposits.

Performance: Obtained and read the written policy for receipts, and found it to contain all requirements listed above.  
Exceptions: No exceptions noted.  
Management's response: Not applicable.

**Procedures performed on the District's written policies and procedures: (Continued)**

- 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 receipts, and found it to contain all requirements listed above, except as noted below.
  - Exceptions: Management's policy on payroll/personnel does not include a provision discussing the review and approval of time and attendance records, including leave and overtime worked.
  - Management's response: Management will consider adding a provision discussing the review and approval of 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.
  - Performance: Inquire of management for a contracting policy.
  - Exceptions: Management does not have a contracting policy.
  - Management's response: Management will consider drafting a contracting policy with the provisions listed above.
  
- 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.
  - Performance: Inquire of management for a credit card policy.
  - Exceptions: Management does not have a credit card policy.
  - Management's response: Management will consider drafting a credit card policy with the provisions listed above.
  
- h) Travel and expense reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements; and (4) required approvers.
  - Performance: Inquire of management for a travel and expense reimbursement policy.
  - Exceptions: Management does not have a travel and expense reimbursement policy.
  - Management's response: Management will consider drafting a travel and expense reimbursement policy with the provisions listed above.
  
- 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.
  - Performance: Inquire of management for an ethics policy.
  - Exceptions: Management does not have an ethics policy.
  - Management's response: Management will consider drafting an ethics policy with the provisions listed above.

**Procedures performed on the District's written policies and procedures: (Continued)**

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

Performance: Inquired of management as to a 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 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.

Performance: Obtained and read the written minutes of Board meetings, as well as advertising for Board meetings in the local newspaper. The Board meets monthly.

Exceptions: The February meeting was canceled due to conflict with the Mardi Gras holiday and not rescheduled.

Management's response: Management will ensure that meetings are held in accordance with the Board's enabling legislation.

- 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).

Performance: Inspected meeting minutes and inquired of management of monthly budget-to-actual comparisons.

Exceptions: Budget-to-actual comparisons were not included in all meeting minutes. The budget-to-actual comparisons reviewed showed no evidence of deficit spending.

Management's response: Management will ensure that budget-to-actual comparisons are included in the meeting packets given to the Board members and referenced in the minutes.

- 1) 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 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.

Performance: Inspected the Board's meeting minutes and budget-to-actual comparisons to note any deficit spending and/or deficit fund balances.

Exceptions: Budget-to-actual comparisons were not included in all meeting minutes. However, the budget-to-actual comparisons reviewed showed no evidence of deficit spending.

Management's response: Management will ensure that budget-to-actual comparisons are included in the meeting packets given to the Board members and referenced in the minutes.

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

- 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.

Performance: Inspected the board's meeting minutes for the fiscal year and noted non-budgetary financial information in the form of approvals of contracts and disbursements.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

**Procedures performed on the District's bank reconciliations:**

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

Performance: Obtained the listing of bank accounts from management, and received management's representation in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

4. Using the listing provided by management, select all of the District's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 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;

Performance: Selected all three of the District's bank accounts. Inspected management's documentation for accuracy of bank reconciliations.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- 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

Performance: Inspected documentation for management approvals of each bank reconciliation. The Board Chairman approves bank reconciliations.

Exceptions: There was no evidence that December bank reconciliations were reviewed for the three accounts.

Management's response: Management will ensure that bank reconciliations include evidence that the Board Chairman reviews all bank reconciliations.

**Procedures performed on the District's bank reconciliations: (Continued)**

- 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.  
 Performance: Inspected documents for items outstanding for more than 6 months.  
 Exceptions: Twenty-six checks were outstanding for more than 6 months as of the end of the fiscal period, with no research documentation.  
 Management's response: Management will document research of items outstanding for more than 6 months.

**Procedures performed on the District's collections:**

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.  
 Performance: Observed the listing of cash/check/money order (cash) collection locations from management and received management's representation in a separate letter.  
 Exceptions: There were no exceptions noted.  
 Management's response: Not applicable.
6. Using the listing provided by management, select all of the District'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 5 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.  
 Performance: Inquired of client as to all of the requirements.  
 Exceptions: Several individuals responsible for collections are not bonded. Pool and summer camp employees share the same cash box.  
 Management's response: Management will consider bonding all employees responsible for collections. Also, management will make an effort to verify cash collected by each employee before being placed in the cash box.
- 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.

**Procedures performed on the District's collections: (Continued)**

Performance: Reviewed reconciliation reports and general ledger, as well as inquiries of management to ensure separation of duties. Due to the size of the District, the secretary/treasurer records and reconciles receipts. The Board approves the monthly list of receipts and disbursements after payment has been made.

Exceptions: Segregation of duty issues exist.

Management's response: Management will consider additional compensating controls.

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- 1) Using District 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.

Performance: Because the highest dollar week of cash collections will be the week that ad valorem taxes are received, our test population was based across all revenue accounts, and all months throughout the year. We selected a sample of 25 cash receipt transactions.

Exceptions: In one instance, cash was not deposited within one day of receipt. In thirteen instances, collection documentation was not available to determine the day of receipt.

Management's response: Management will begin to adhere strictly to the policy to deposit all receipts within one day of their actual receipt and note the date of receipt.

- 2) 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.

Performance: Inspected the journal of cash receipts, internal deposit summaries and deposits per the bank statement.

Exceptions: There were several instances where copies of checks and deposit count sheets were not maintained as documentation for deposits.

Management's response: Management will consider attaching copies of checks with date received to deposit slips.

**Procedures performed on the District's collections: (Continued)**

7. Obtain existing written documentation (e.g., policy manual, written procedure) and report whether the District has a process specifically defined (identified as such by the District) 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.

Performance: Inquired of management as to how receipts are determined to be complete.

Compare to number of attendees in summer camp and swimming lessons. Also, ad valorem is compared to taxes levied.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

**Procedures performed on the District's general disbursements (excluding credit card, debit card, fuel card, P-card purchases or payments):**

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

Performance: Obtained the completed general ledger for the fiscal period and obtained management's representations in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

9. Using the disbursement population from Step 8 above, select 25 disbursements (or 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.

Performance: Selected 25 disbursements exceeding \$2,000 each. Requested requisitions, purchase orders, and related invoices, as well as inquiries of the District. The Recreation Director has the authority to initiate purchases less than \$5,000.

Exceptions: It was noted that the District does not have a formal purchase requisition/purchase order system. The District does not maintain documentation of authorization and approvals prior to purchase. However, the Board minutes reflect discussion of major repairs and capital assets prior to purchase.

**Procedures performed on the District's general disbursements (excluding credit card, debit card, fuel card, P-card purchases or payments): (Continued)**

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

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

Performance: Requested requisitions, purchase orders, and related invoices, as well as inquiries of the District.

Exceptions: The District lacks documentation of approval prior to making the purchases.

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

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

Performance: Selected 25 disbursements in excess of \$2,000 each. Requested requisitions, purchase orders, and related invoices, as well as inquiries of the client.

Exceptions: Except for some invoices containing the recreation director's receiving signature and signature of checks, the District lacks documentation of receipt of goods and services.

Management's response: Management will consider documenting the receipt of goods or services through receiving reports, packing slips, or other documentation.

10. Using District 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 District's purchasing/disbursement system.

Performance: Inspected procedures and inquired of management as to separation of duties.

Exceptions: The secretary/treasurer is responsible for adding vendors, as well as processing payments.

Management's response: Management will consider limiting the addition of new vendors to persons not responsible for processing payments.

11. Using District 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.

Performance: Confirmed authorized check signers. The Secretary/Treasurer is responsible for recording purchases and has signatory authority. Checks must be signed by a board member as well.

Exceptions: There were no exceptions were noted.

Management's response: Not applicable.

**Procedures performed on the District's general disbursements (excluding credit card, debit card, fuel card, P-card purchases or payments): (Continued)**

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.

Performance: Inquired of management where the supply of unused checks is held. The unused checks are kept locked in the Secretary/Treasurer's office. Although the Secretary/Treasurer has signatory authority, it was noted that all checks must have two signatures.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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.

Performance: Inquired of management and Secretary/Treasurer as to whether there is a signature stamp or machine. Per Secretary/Treasurer, he does not have a signature stamp. Also, it was noted that all checks must have two signatures and no board member has a signature stamp.

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:**

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.

Performance: Obtained the listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) from management and received management's representation in a separate letter. The District has one active store account.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

15. Using the listing prepared by management, 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.

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:

**Procedures performed on the District's credit cards, debit cards, fuel cards, P-cards:  
(Continued)**

- 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.

Performance: Obtained all monthly statements for the one open store account and observed for supporting documentation, as well as approvals.

Exceptions: The secretary/treasurer is responsible for reviewing the open account statements, recording transactions, and paying open account statements on a monthly basis. A board member signs as a dual signature on the check and the board approves payments that have been made at the next board meeting.

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

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

Performance: Traced all open account payments and balances on the statements in order to note if any fees were applied to balances.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

- 1) An original itemized receipt (i.e., identifies precisely what was purchased)

Performance: Traced each transaction to an original itemized receipt.

Exceptions: Two detailed receipts were missing from the open account monthly statement.

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

- 2) Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

Performance: Observed documentation of the purpose of each transaction.

Exceptions: Two detailed receipts were missing from the open account monthly statement.

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

**Procedures performed on the District's credit cards, debit cards, fuel cards, P-cards:  
(Continued)**

- 3) Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

Performance: Observed documentation for each transaction and inspected policy for other documentation that may be required. No additional documentation required.

Exceptions: No documentation of pre-purchase approvals in addition to the two detailed receipts missing.

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

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the District'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.

Performance: Compared the transaction detail to the written disbursement policy and Louisiana Public Bid Law.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- c) For each transaction, compare the District'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 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.

Performance: Inspected all detail transactions and compared them to the requirements of Article 7, Section 14 of the Louisiana Constitution.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

**Procedures performed on the District's travel and expense reimbursements:**

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.

Performance: Obtained general ledger for travel and related expense reimbursements. No travel related expense reimbursements were noted. Management's representation of the general ledger was confirmed in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

**Procedures performed on the District's travel and expense reimbursements: (Continued)**

18. Obtain the District'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](http://www.gsa.gov)) and report any amounts that exceed GSA rates.

Performance: Inquired of management for a travel and expense reimbursement policy.

Exceptions: Management does not have a travel and expense reimbursement policy.

Management's response: Management will consider drafting a travel and expense reimbursement policy with the provisions listed above.

19. Using the listing or general ledger from Step 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 District does not have written policies, compare to the GSA rates (Step 18 above) and report each reimbursement that exceeded those rates.

Performance: Inspected all travel expense accounts and inquired of management as to the existence of any travel related expenses. It was noted that no travel related expenditures were incurred.

Exceptions: Not applicable.

Management's response: Not applicable.

b) Report whether each expense is supported by:

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

Performance: Inspected all travel expense accounts and inquired of management as to the existence of any travel related expenses. It was noted that no travel related expenditures were incurred.

Exceptions: Not applicable.

Management's response: Not applicable.

2) Documentation of the business/public purpose.

Performance: Inspected all travel expense accounts and inquired of management as to the existence of any travel related expenses. 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 expense reimbursements: (Continued)**

- 3) Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance).

Performance: Inspected all travel expense accounts and inquired of management as to the existence of any travel related expenses. It was noted that no travel related expenditures were incurred.

Exceptions: Not applicable.

Management's response: Not applicable.

- c) Compare the District'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.

Performance: Inspected all travel expense accounts and inquired of management as to the existence of any travel related expenses. It was noted that no travel related expenditures were incurred.

Exceptions: Not applicable.

Management's response: Not applicable.

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Performance: Inspected all travel expense accounts and inquired of management as to the existence of any travel related expenses. 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:**

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.

Performance: Observed the listing of contracts in effect during the fiscal year from management, and received management's representation of completeness in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

**Procedures performed on the District's contracts: (Continued)**

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period. 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.

Performance: Obtained the listing of contract vendors, The District has one contract "vendor" that was paid during the fiscal year. Inspected the written contract that supports the service arrangements.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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:

1) If yes, obtain/compare supporting contract documentation to legal requirements and report whether the District complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

Performance: For the contracts subject to Louisiana Public Bid Law, compared contract documentation to legal requirements.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

2) If no, obtain supporting contract documentation and report whether the District solicited quotes as a best practice.

Performance: Inspected contracts and inquired of client as to receipt of any other quotes.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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.

Performance: Inspected contracts and inquired of client as to any amendments to the contracts.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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.

Performance: Inspected the invoice and compared to the written contract information.

The invoice and related payment complied with the terms of the contract.

**Procedures performed on the District's contracts: (Continued)**

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law.

Performance: Inspected board meeting minutes and could not confirm board approval due to the execution of the contract being several years prior.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

**Procedures performed on the District's 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. Select five employees/officials, obtain their personnel files, and:

Performance: Obtained the listing of employees with their related salaries from management, and received management's representation of completeness in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- 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.

Performance: Compared compensation in the salary schedules with payments made to employees during the fiscal year.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- 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.

Performance: Inquired of management as to the existence of documentation supporting pay changes. There were no pay changes during the current year.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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:

**Procedures performed on the District's payroll and personnel: (Continued)**

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

Performance: Selected one pay period to test leave taken during that period. Inspected all daily attendance and leave records for proper documentation.

Exceptions: The Recreation Director does not document daily attendance.

Management's response: The District will consider requiring the Recreation Director to document daily attendance.

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

Performance: Inspected time sheets for the pay period selected. Employees are required to punch in and out using punch cards. The Recreation Director calculates punch card and totals hours on a wage sheet. The Recreation Director approves time of all employees. Wage sheet is then emailed to the Secretary/Treasurer for processing.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Inquired and confirmed that the District maintains written leave records for each employee eligible for paid leave.

Exceptions: The written leave records document the date used, but not the hours earned or balance available.

Management's response: Management will consider including hours earned and balance available on written leave records.

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.

Performance: Inquired of management of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. No regular employees have terminated during the fiscal period.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

**Procedures performed on the District's payroll and personnel: (Continued)**

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.

Performance: Inspected payroll reporting forms to confirm that all payments were submitted to the applicable agencies by the required deadlines.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

**Procedures performed on the District's ethics:**

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 District maintained documentation to demonstrate that required ethics training was completed.

Performance: Inspected personnel files and ethics course completion certificates for the five employees tested.

Exceptions: No ethics course completion certificates were on file for part-time or seasonal employees.

Management's response: Management will monitor completion of ethics courses annually by all employees/officials.

27. Inquire of management whether any alleged ethics violations were reported to the District 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 District's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Performance: Inquired of management of any ethics violations, none were noted.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

**Procedures performed on the District's debt service:**

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

Performance: Inquired of Management as to issuance of debt during the fiscal year. No debt was issued during the fiscal period.

Exceptions: Not applicable.

Management's response: Not applicable.

**Procedures performed on the District's debt service: (Continued)**

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

Performance: Inquire of management for documentation on any outstanding debt during the period. Management states there was no outstanding debt for the District during the period.

Exceptions: Not applicable.

Management's response: Not applicable.

30. If the District 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.

Performance: Not applicable.

Exceptions: Not applicable.

Management's response: Not applicable.

**Other procedures performed on the District:**

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 District reported the misappropriation to the Legislative Auditor and the District Attorney of the parish in which the District is domiciled.

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

Exceptions: Not applicable.

Management's response: Not applicable.

32. 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](http://www.la.gov/hotline)) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

Performance: Inquired about such notice posted on the premises and website.

Exceptions: No such notice observed on the premises. The District does not have a website.

Management's response: Management will post such notice on the premises.

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

Performance: Inspected all procedures, and the results of such procedures and compared them to management's representations in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.