

***Financial Report***

***Terrebonne Parish Recreation District No. 5***

***Bourg, Louisiana***

***For the year ended December 31, 2018***

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For the year ended December 31, 2018

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## **FINANCIAL SECTION**



## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Commissioners,  
Terrebonne Parish Recreation District No. 5,  
Bourg, Louisiana.

We have audited the accompanying financial statements of the governmental activities and the General Fund of Terrebonne Parish Recreation District No. 5, State of Louisiana (the "District"), a component unit of Terrebonne Parish Consolidated Government, State of Louisiana, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the General Fund of Terrebonne Parish Recreation District No. 5 as of December 31, 2018, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Terrebonne Parish Recreation District No. 5's basic financial statements. The accompanying supplementary information, on page 32, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2019 on our consideration of Terrebonne Parish Recreation District No. 5's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants.

Houma, Louisiana,  
June 26, 2019.

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

### **Terrebonne Parish Recreation District No. 5**

For the year ended December 31, 2018

Management's Discussion and Analysis of the Terrebonne Parish Recreation District No. 5's (the District) financial performance presents a narrative overview and analysis of the District's financial activities for the year ended December 31, 2018. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the financial statements, which follow this section.

#### **FINANCIAL HIGHLIGHTS**

The District's assets exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2018 by \$2,069,595 (net position), which represents a 2.73% increase from last fiscal year.

The District's revenue decreased \$7,709 (or 2.60%) primarily due to decreases in ad valorem tax collections.

The District's expenses increased \$87,052 (or 59.45%) primarily due to an increase in debt service expenditures.

The District did not have a deficit fund balance.

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

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

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

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

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

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

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

## **Fund Financial Statements**

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

## **Governmental Funds**

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

The District maintains an individual governmental fund. Information is presented for the General Fund in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. The District adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. The governmental fund financial statements can be found on pages 10 through 14 of this report.

## **Notes to the Financial Statements**

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

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. As of December 31, 2018, assets exceeded liabilities and deferred inflows of resources by \$2,069,595. A large portion of the District's net position (52.83%) reflects its investment in capital assets (e.g., land, construction in progress, buildings and improvements, and machinery and equipment). Consequently, these assets are not available for future spending. Restricted net position is the bond proceeds available for spending on capital projects at year end.

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

	December 31,		Dollar	Total
	2018	2017	Change	Percent
				Change
Current and other assets	\$ 2,483,088	\$ 1,394,878	\$ 1,088,210	78.01%
Capital assets	2,306,931	897,723	1,409,208	156.98%
Total assets	4,790,019	2,292,601	2,497,418	108.93%
Current and other liabilities	210,238	5,103	205,135	4019.89%
Long-term obligations	2,068,068	-	2,068,068	100.00%
Deferred inflows of resources	442,118	272,960	169,158	61.97%
Total liabilities	2,720,424	278,063	2,442,361	878.35%
Net position:				
Net investment in capital assets	1,093,426	897,723	195,703	21.80%
Restricted	557,440	-	557,440	100.00%
Unrestricted	418,729	1,116,815	(698,086)	-62.51%
Total net assets	\$ 2,069,595	\$ 2,014,538	\$ 55,057	2.73%

## Governmental Activities

Governmental activities increased the District's net position by \$55,057. Key elements of this increase are as follows:

### Condensed Statements of Activities

	For The Year Ended December 31.		Dollar	Total
	2018	2017	Change	Percent Change
<b>Revenues:</b>				
Ad valorem taxes	\$ 264,488	\$ 275,487	\$ (10,999)	-3.99%
Intergovernmental	17,757	17,871	(114)	-0.64%
Miscellaneous	6,303	2,899	3,404	117.42%
Total revenues	<u>288,548</u>	<u>296,257</u>	<u>(7,709)</u>	-2.60%
<b>Expenses:</b>				
General government	12,713	13,987	(1,274)	-9.11%
Culture and recreation	120,234	132,452	(12,218)	-9.22%
Debt service	100,544	-	100,544	100.00%
Total expenses	<u>233,491</u>	<u>146,439</u>	<u>87,052</u>	59.45%
Increase in net position	55,057	149,818	(94,761)	-63.25%
Net position beginning of year	<u>2,014,538</u>	<u>1,864,720</u>	<u>149,818</u>	8.03%
Net position end of year	<u>\$ 2,069,595</u>	<u>\$ 2,014,538</u>	<u>\$ 55,057</u>	2.73%

In 2018, the District's ad valorem tax revenue decreased due to collection of prior year taxes in 2017. The increase in debt service expenses is due expenses resulting from the issuance of General Obligation Bonds, Series 2018 in the current year.

## FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND

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

### Governmental Funds

The focus of the District's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the District's General Fund's ending fund balance is \$1,300,252, which is an increase of \$55,057 (2.73%) in comparison with the prior year.

## General Fund Budgetary Highlights

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

### Expenditures

- Capital outlay increased by \$25,824 due to construction of the Bourg Sports Complex.
- Supplies and materials decreased by \$4,669 to better reflect the expenditures incurred by the District.
- Repairs and maintenance decreased by \$7,119 to better reflect the expenditures incurred by the District.

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

## CAPITAL ASSETS AND LONG-TERM OBLIGATIONS

### Capital Assets

The District's net investment in capital assets for its governmental activities as of December 31, 2018, amounts to \$2,306,931 (net of accumulated depreciation). This investment in capital assets includes land, construction-in-progress, buildings and improvements, and machinery and equipment.

	<u>2018</u>	<u>2017</u>
Land	\$ 210,694	\$ 210,694
Construction in process	1,634,903	197,434
Buildings and improvements	867,824	867,824
Machinery and equipment	<u>229,201</u>	<u>229,201</u>
Totals	<u>\$ 2,942,622</u>	<u>\$ 1,505,153</u>

Major capital asset expenditures during the current fiscal year are a result of construction on the Bourg Sports Complex and ball fields.

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



### **Long-term Obligations**

As of December 31, 2018, the District had \$2,068,068 in long-term obligations. This includes the District's obligations of \$2,000,000 for bonds payable and \$68,068 of unamortized bond premium. More detailed information about the District's bonds payable is presented in Note 7 of this report.

The District's bonds have an "AA" rating from Standard and Poor's Rating Service.

### **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 budgeted represents the estimated amount of the November 2018 assessment, which the District will receive, for the most part, in January 2019.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Board of Directors of the Terrebonne Parish Recreation District No. 5, 118 Retreat Drive, Bourg, LA 70343.

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

**Terrebonne Parish Recreation District No. 5**

December 31, 2018

	General Fund	Debt Service Fund	Capital Projects Fund	Totals	Adjustments (Exhibit B)	Statement of Net Position
<b>Assets</b>						
Cash	\$ 1,185,057	\$ 40,041	\$ 710,616	\$ 1,935,714	\$ -	\$ 1,935,714
Investments	143,482	-	-	143,482	-	143,482
Receivables - taxes	55,939	32,292	-	88,231	-	88,231
Prepaid insurance	-	-	-	-	3,438	3,438
Due from other governmental units	204,390	107,833	-	312,223	-	312,223
Capital assets:						
Non-depreciable	-	-	-	-	1,845,597	1,845,597
Depreciable, net of accumulated depreciation	-	-	-	-	461,334	461,334
Total assets	<u>\$ 1,588,868</u>	<u>\$ 180,166</u>	<u>\$ 710,616</u>	<u>\$ 2,479,650</u>	<u>2,310,369</u>	<u>4,790,019</u>
<b>Liabilities and Deferred Inflows of Resources</b>						
Accounts payable and accrued expenditures	\$ 1,707	\$ -	\$ 153,176	\$ 154,883	55,190	210,073
Due to other governmental units	165	-	-	165	-	165
Long term obligations:						
Due after one year	-	-	-	-	2,068,068	2,068,068
Total liabilities	<u>1,872</u>	<u>-</u>	<u>153,176</u>	<u>155,048</u>	<u>2,123,258</u>	<u>2,278,306</u>
Deferred inflows of resources:						
Unavailable revenue	286,744	155,374	-	442,118	-	442,118
Total liabilities and deferred inflows of resources	<u>288,616</u>	<u>155,374</u>	<u>153,176</u>	<u>597,166</u>	<u>2,123,258</u>	<u>2,720,424</u>
<b>Fund Balance/Net Position</b>						
Fund balance:						
Restricted - debt service	-	24,792	-	24,792	(24,792)	-
Restricted - capital projects	-	-	557,440	557,440	(557,440)	-
Unassigned	1,300,252	-	-	1,300,252	(1,300,252)	-
Total fund balance	<u>1,300,252</u>	<u>24,792</u>	<u>557,440</u>	<u>1,882,484</u>	<u>(1,857,692)</u>	<u>24,792</u>
Total liabilities and fund balance	<u>\$ 1,588,868</u>	<u>\$ 180,166</u>	<u>\$ 710,616</u>	<u>\$ 2,479,650</u>		
<b>Net position:</b>						
Net investment in capital assets					1,093,426	1,093,426
Restricted						
Capital projects fund					557,440	557,440
Unrestricted					418,729	418,729
Total net position					<u>\$ 2,069,595</u>	<u>\$ 2,069,595</u>

See notes to financial statements.

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

**Terrebonne Parish Recreation District No. 5**

December 31, 2018

<b>Fund Balances - Governmental Fund</b>		<b>\$ 1,882,484</b>
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	\$ 2,942,622	
Less accumulated depreciation	<u>(635,691)</u>	2,306,931
Other assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Prepaid insurance		3,438
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Bonds payable	(2,000,000)	
Bond premium	(68,068)	
Accrued interest expense	<u>(55,190)</u>	<u>(2,123,258)</u>
<b>Net Position of Governmental Activities</b>		<b><u><u>\$ 2,069,595</u></u></b>

See notes to financial statements.

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

**Terrebonne Parish Recreation District No. 5**

For the year ended December 31, 2018

	General Fund	Debt Service Fund	Capital Projects Fund	Totals	Adjustments (Exhibit D)	Statement of Activities
<b>Revenues</b>						
Taxes	\$ 264,488	\$ -	\$ -	\$ 264,488	\$ -	\$ 264,488
Intergovernmental:						
State of Louisiana:						
State revenue sharing	17,757	-	-	17,757	-	17,757
Miscellaneous:						
Interest	4,065	41	1,165	5,271	-	5,271
Other	1,032	-	-	1,032	-	1,032
Total revenues	<u>287,342</u>	<u>41</u>	<u>1,165</u>	<u>288,548</u>	<u>-</u>	<u>288,548</u>
<b>Expenditures/Expenses</b>						
Current:						
General government:						
Ad valorem tax adjustments	3,592	-	-	3,592	-	3,592
Ad valorem tax deductions	9,121	-	-	9,121	-	9,121
Total general government	<u>12,713</u>	<u>-</u>	<u>-</u>	<u>12,713</u>	<u>-</u>	<u>12,713</u>
Culture and recreation:						
Personal services	57,252	-	-	57,252	-	57,252
Supplies and materials	1,481	-	42	1,523	-	1,523
Other services and charges	28,677	-	-	28,677	182	28,859
Repairs and maintenance	1,139	-	3,200	4,339	-	4,339
Depreciation	-	-	-	-	28,261	28,261
Total culture and recreation	<u>88,549</u>	<u>-</u>	<u>3,242</u>	<u>91,791</u>	<u>28,443</u>	<u>120,234</u>
Debt service:						
Bond issuance costs	-	50,151	-	50,151	-	50,151
Interest and fiscal charges	-	-	-	-	50,393	50,393
Total debt service	<u>-</u>	<u>50,151</u>	<u>-</u>	<u>50,151</u>	<u>50,393</u>	<u>100,544</u>
Capital outlay	-	-	1,437,469	1,437,469	(1,437,469)	-
Total expenditures/expenses	<u>101,262</u>	<u>50,151</u>	<u>1,440,711</u>	<u>1,592,124</u>	<u>(1,358,633)</u>	<u>233,491</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<u>186,080</u>	<u>(50,110)</u>	<u>(1,439,546)</u>	<u>(1,303,576)</u>	<u>1,358,633</u>	<u>55,057</u>
<b>Other Financing Sources (Uses)</b>						
General-obligation bond proceeds	-	-	2,072,865	2,072,865	(2,072,865)	-
Transfers In:	15,249	74,902	-	90,151	(90,151)	-
Transfers Out:	(14,272)	-	(75,879)	(90,151)	90,151	-
Total other financing sources (uses)	<u>977</u>	<u>74,902</u>	<u>1,996,986</u>	<u>2,072,865</u>	<u>(2,072,865)</u>	<u>-</u>
<b>Excess of Revenues and Other Financing Sources (Uses) Over Expenditures</b>	<u>187,057</u>	<u>24,792</u>	<u>557,440</u>	<u>769,289</u>	<u>(769,289)</u>	<u>-</u>
<b>Change in Net Position</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,057</u>	<u>55,057</u>
<b>Fund Balance/Net Position</b>						
Beginning of year	<u>1,113,195</u>	<u>-</u>	<u>-</u>	<u>1,113,195</u>	<u>901,343</u>	<u>2,014,538</u>
End of year	<u>\$ 1,300,252</u>	<u>\$ 24,792</u>	<u>\$ 557,440</u>	<u>\$ 1,882,484</u>	<u>\$ 187,111</u>	<u>\$ 2,069,595</u>

See notes to financial statements.

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

**Terrebonne Parish Recreation District No. 5**

For the year ended December 31, 2018

**Net Change in Fund Balance - Governmental Fund** **\$ 769,289**

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	\$ 1,437,469	
Depreciation expense	<u>(28,261)</u>	1,409,208

Some expenditures reported in the  
Statement of Activities do not require the use of  
current financial resources and, therefore,  
are not reported expenditures in governmental funds.

Decrease in prepaid insurance		(182)
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Governmental funds report increases in long-term liabilities  
as revenues or other sources of resources in the  
Statement of Activities. Those activities are reported  
as liabilities.

Issuance of bonds payable (including premium)	\$ (2,072,865)	
Accrued amortization of bond premium	4,797	
Accrued interest expense	<u>(55,190)</u>	<u>(2,123,258)</u>

**Change in Net Position of Governmental Activities** **\$ 55,057**

See notes to financial statements.

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

**Terrebonne Parish Recreation District No. 5**

For the year ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 282,200	\$ 268,000	\$ 264,488	\$ (3,512)
Intergovernmental:				
State of Louisiana:				
State revenue sharing	18,000	17,871	17,757	(114)
Miscellaneous:				
Interest	1,950	3,074	4,065	991
Other	-	-	1,032	1,032
Total revenues	302,150	288,945	287,342	(1,603)
<b>Expenditures</b>				
Current:				
General government:				
Ad valorem tax adjustment	2,100	3,844	3,592	252
Ad valorem tax deductions	8,800	9,502	9,121	381
Total general government	10,900	13,346	12,713	633
Culture and recreation:				
Personal services	56,050	58,590	57,252	1,338
Supplies and materials	8,000	3,331	1,481	1,850
Other services and charges	29,000	26,021	28,677	(2,656)
Repairs and maintenance	20,000	12,881	1,139	11,742
Total culture and recreation	113,050	100,823	88,549	12,274
Capital outlay	75,000	100,824	-	100,824
Total expenditures	198,950	214,993	101,262	113,731
<b>Other Financing Sources (Uses)</b>				
Transfers In:	-	-	15,249	(15,249)
Transfers Out:	-	-	(14,272)	14,272
Total other financing sources (uses)	-	-	977	(977)
<b>Excess of Revenues and Other Financing Sources (Uses) Over Expenditures</b>	103,200	73,952	187,057	113,105
<b>Fund Balance</b>				
Beginning of year	1,114,874	1,113,195	1,113,195	-
End of year	\$ 1,218,074	\$ 1,187,147	\$ 1,300,252	\$ 113,105

See notes to financial statements.

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

December 31, 2018

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

The accounting policies of Terrebonne Parish Recreation District No. 5 (the "District") conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of significant accounting policies:

**a) Reporting Entity**

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

GASB Statement No. 14, *"The Financial Reporting Entity"*, and GASB Statement No. 39, *"Determining Whether Certain Organizations Are Component Units—an amendment of GASB Statement No. 14"* and GASB Statement No. 61, *"The Financial Reporting Entity: Omnibus and Amendment of GASB Statement No. 14 and No. 34"* established the criterion for determining which component units should be considered part of the District for financial reporting purposes. The basic criteria are as follows:

1. Legal status of the potential component unit including the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued, and the right to buy, sell and lease property in its own name.
2. Whether the governing authority appoints a majority of the board members of the potential component unit.
3. Fiscal interdependency between the District and the potential component unit.
4. Imposition of will by the District on the potential component unit.
5. Financial benefit/burden relationship between the District and the potential component unit.

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

**a) Reporting Entity (Continued)**

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

**b) Basis of Presentation**

The District's financial statements consist of the government-wide statements on all activities of the District and the governmental fund financial statements.

**Government-wide Financial Statements:**

The government-wide financial statements include the Statement of Net Position and the Statement of Activities for all activities of the District. The government-wide presentation focuses primarily on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues.

**Fund Financial Statements:**

The daily accounts and operations of the District are organized on the basis of a fund and account groups, each of which is considered a separate accounting entity. The operations of the fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, equity, revenues, and expenditures. Government resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The following are the governmental funds of the District:

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

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

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



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

**c) Measurement Focus and Basis of Accounting**

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

**Government-wide Financial Statements:**

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

**Fund Financial Statements:**

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

Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Ad valorem taxes and the related state revenue sharing (intergovernmental revenue) are recognized as revenue in the period for which levied, thus the 2018 property taxes which are being levied to finance the 2019 budget will be recognized as revenue in 2019. The 2018 tax levy is recorded as unavailable revenue in the District's 2018 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)**

**Fund Financial Statements: (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, when budgeted expenditures exceed \$500,000. Any amendment involving the transfer of monies from one function to another or increases in expenditures must be approved by the Board. In order to remain in compliance with State budgeting laws, the District amended its budget once during the year. All budgeted amounts that are not expended, or obligated through contracts, lapse at year-end.

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

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

**f) Accounts Receivable**

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

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

**g) Investments**

Investments consist of certificates of deposit which are stated at cost and approximate market value.

**h) Prepaid insurance**

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

**i) Capital Assets**

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

**Government-wide Financial Statements:**

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets purchased or acquired with an original cost of \$250 or more are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation.

Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings and improvements	20 - 40 years
Machinery and equipment	5 - 20 years

**Fund Financial Statements:**

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

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

**j) Long-Term Debt**

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

**Government-wide Financial Statements:**

All long-term obligations to be repaid from governmental resources is reported as liabilities in the government-wide statements. The long-term obligations consist of bonds payable and bond premium. In these financial statements bond premium is deferred and amortized over the life of the bonds using the effective interest method. Bond payable are reported including the applicable premium. Bond issuance costs are recognized as expenses in the period incurred.

**Fund Financial Statements:**

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

**k) Deferred Inflows of Resources**

In addition to liabilities, the Statement of Net Position and Governmental Funds Balance Sheet report a separate section for deferred inflows of resources, which represent acquisition of net position that applies to future periods and so will not be recognized as revenues until that time. The District reports deferred inflows of resources in the governmental and proprietary fund financial statements when resources associated with imposed non-exchange revenue transaction are received or reported as a receivable before (a) the period for which property taxes are levied or (b) the period when resources are required to be used or when use is first permitted for all other imposed non-exchange revenues in which the enabling legislation includes time requirements.

**l) Vacation and Sick Leave**

The District has no written vacation and sick leave policy in place. There is no accumulated unpaid vacation and sick leave as of December 31, 2018.

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

**m) Fund Equity**

Government-wide Statements:

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

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

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

Fund Financial Statements:

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

- a. Non-spendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to maintain intact.
- b. Restricted - amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- c. Committed - amounts that can be used only for specific purposes determined by a formal action of the District's Board of Commissioners. Commitments may be established, modified, or rescinded only through resolutions approved by the District's Board of Commissioners.

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

**m) Fund Equity (Continued)**

Fund Financial Statements: (Continued)

- d. Assigned - amounts that do not meet the criteria to be classified as either restricted or committed but are intended to be used for specific purposes. Amounts may be assigned by a majority vote of the Board of Commissioners.
- e. Unassigned - all other spendable amounts.

For the classification of government fund balances, the District considers an expenditure to be made from the most restrictive first when more than one classification is available. The District's fund balance was classified as restricted and unassigned as of December 31, 2018. The balance of restricted fund balance relates to bond proceeds restricted to debt service and spending for capital outlay.

**n) New GASB Statements**

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

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

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

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

**n) New GASB Statements (Continued)**

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

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

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

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

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

**n) New GASB Statements (Continued)**

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

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

Statement No. 89, *"Accounting for Interest Cost Incurred before the End of a Construction Period"* establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction



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

**n) New GASB Statements (Continued)**

period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Management has not yet determined the effect of this Statement on the financial statements.

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

**Note 2 - DEPOSITS**

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

State law requires that deposits (cash and certificates of deposit) of all political subdivisions to be fully collateralized at all times. Acceptable collateralization includes Federal Deposit Insurance Corporation (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.

**Note 2 - DEPOSITS (Continued)**

The year-end balances of deposits are as follows:

	<u>Bank Balances</u>	<u>Reported Amount</u>
Cash	\$ 1,940,970	\$ 1,935,714
Investments - certificates of deposit	<u>143,482</u>	<u>143,482</u>
	<u>\$ 2,084,452</u>	<u>\$ 2,079,196</u>

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has a written policy for custodial credit risk, which requires compliance with state law. As of December 31, 2018, \$1,834,452 of the District's bank balance of \$2,084,452 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, 2018, cash in excess of FDIC insurance were adequately collateralized in accordance with state law, by securities held by unaffiliated banks for the account of the District. The Governmental Accounting Standards Board, 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 ten 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.

**Note 3 - PROPERTY TAXES (Continued)**

The last reevaluation was completed for the list of January 1, 2017. Taxes are due and payable December 31 with interest being charged on payments after January 1. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which the taxes have not been paid are sold for the amount of the taxes. The tax rate for the year ended December 31, 2018 was \$11.00 per \$1,000 of assessed valuation on property within Terrebonne Parish for the purpose of maintaining and operating recreational facilities within the District and \$6.35 per \$1,000 of assessed valuation on property within Terrebonne Parish for the purpose of purchasing, acquiring, construction and improving parks, playgrounds, recreation centers and other recreational facilities, together with the necessary furnishings and equipment. As indicated in Note 1c, taxes levied November 1, 2018 are for budgeted expenditures in 2019 and will be recognized as revenues in 2019. The 2018 tax assessment, less deductions for the assessor's retirement, has been reported as unavailable revenues in the December 31, 2018 balance sheet.

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

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

	General Fund	Debt Service Fund	Total
State of Louisiana - State revenue sharing	\$ 11,728		\$ 11,728
Terrebonne Parish Tax Collector - December, 2018 collections remitted to the District in January, 2019			
Ad valorem taxes	186,798	\$ 107,833	294,631
State revenue sharing	5,864	-	5,864
Totals	\$ 204,390	\$ 107,833	\$ 312,223

**Note 5 - CHANGES IN CAPITAL ASSETS**

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

	Balance January 1, 2018	Additions	Deletions	Balance December 31, 2018
Capital assets not being depreciated:				
Construction in process	\$ 197,434	\$ 1,437,469	\$ -	\$ 1,634,903
Land	210,694	-	-	210,694
Total capital assets not being depreciated	408,128	1,437,469	-	1,845,597
Capital assets being depreciated:				
Buildings and improvements	867,824	-	-	867,824
Machinery and equipment	229,201	-	-	229,201
Total capital assets being depreciated	1,097,025	-	-	1,097,025
Less accumulated depreciation for:				
Buildings and improvements	(473,235)	(18,667)	-	(491,902)
Machinery and equipment	(134,195)	(9,594)	-	(143,789)
Total accumulated depreciation	(607,430)	(28,261)	-	(635,691)
Total capital assets being depreciated, net	489,595	(28,261)	-	461,334
Total capital assets, net	\$ 897,723	\$ 1,409,208	\$ -	\$ 2,306,931

Construction in progress as of December 31, 2018 consists of the construction of the Bourg Sport Complex and ball fields. The District has an active construction contract for the construction of the Bourg Sports Complex. The District has incurred \$1,359,843 of contract costs through December 31, 2018 and has \$71,571 of remaining commitment on the contract.

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

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

	Governmental Funds	Adjustments	Totals
Vendors	\$ 153,674		\$ 153,674
Accrued interest	-	\$ 55,190	55,190
Payroll taxes	1,209		1,209
Totals	<u>\$ 154,883</u>	<u>\$ 55,190</u>	<u>\$ 210,073</u>

**Note 7 - LONG-TERM OBLIGATIONS**

General Obligation Bonds, Series 2018 were authorized by the voters of the District at an election held on October 14, 2017. On February 5, 2018, the Board of Commissioners pursuant to the Louisiana Revised Statutes 36:1430 authorized the issuance, sale and delivery of \$2,000,000 of General Obligation Bonds, Series 2018. On April 11, 2018, the District issued the sale of the General Obligation Bonds for the purpose of purchasing, acquiring, constructing and improving parks, playgrounds, recreation centers and other recreational facilities, together with the necessary furnishings and equipment.

The bonds are payable from the annual levy and collection of unlimited ad valorem taxes on all the taxable property within the boundaries of the District sufficient to pay the bonds in principal and interest as they mature. The bonds were issued with a maturity date of March 1, 2038 and principal due March 1 and interest due March 1 and September 1 of each year. These bonds carry interest rates ranging from 3.00% to 5.00%

Annual debt service requirements to maturity for the bonds follows:

Year Ending December 31,	Principal	Interest
2019	\$ -	\$ 105,833
2020	80,000	74,600
2021	80,000	71,400
2022	85,000	67,675
2023	85,000	63,425
2024 - 2028	470,000	249,000
2029 - 2033	550,000	149,175
2034 - 2038	<u>650,000</u>	<u>55,150</u>
Totals	<u>\$ 2,000,000</u>	<u>\$ 836,258</u>

**Note 8 - RISK MANAGEMENT**

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

<u>Policy</u>	<u>Coverage Limits</u>
General Liability	\$10,000,000
Workers' Compensation	Statutory

Coverage for general liability claims in excess of the above stated limits are to be funded first by assets of the Parish's risk management internal service fund, \$4,706,219 as of December 31, 2017, then secondly by the District. Workers' compensation claims in excess of \$550,000 are covered under an insurance contract for claims aggregate up to limits are to be funded first by assets of the Parish's workers' compensation internal service fund. As of December 31, 2018, the District had no claims in excess of the above coverage limits. Expenditures for premiums to the Parish for insurance coverages during the year ended December 31, 2018 totaled \$4,326.

**Note 9 - COMPENSATION OF BOARD MEMBERS**

The following amounts were paid to Board Members for the year ended December 31, 2018:

<u>Board Members</u>	<u>Number of Meetings Attended</u>	<u>Per Diem</u>
Gerald Arceneaux	11	\$ 275
Kurt Charpentier	10	275
Travis Carrell	10	225
James Franks	7	175
Brock Verdin	9	275
Bert LeBoeuf, Jr.	7	175
Total		<u>\$ 1,400</u>

**Note 10 - SUBSEQUENT EVENTS**

Management evaluates events occurring subsequent to the date of financial statements in determining the accounting for and disclosure of transactions and events that effect the financial statements. Subsequent events have been evaluated through June 26, 2019, which is the date the financial statements were available to be issued.

## **SUPPLEMENTARY INFORMATION**



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

**Terrebonne Parish Recreation District No. 5**

For the year ended December 31, 2018

**Agency Head Name:** Kathleen Brunet

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

**Note:**

Kathleen Brunet is the supervisor of the District and functions as the Chief Executive Officer.

**SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS**

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

To the Board of Commissioners,  
Terrebonne Parish Recreation District No. 5,  
Bourg, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and General Fund of Terrebonne Parish Recreation District No. 5 (the District) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the District's financial statements and have issued our report thereon dated June 26, 2019.

**Internal Control Over Financial Reporting**

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

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

### **District's Response to Findings**

The District's response to the findings identified in our audit is described in the accompanying Management's Corrective Action Plan. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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

*Bourgeois Bennett, L.L.C.*

Houma, Louisiana,  
June 26, 2019.

## **SCHEDULE OF FINDINGS AND RESPONSES**

### **Terrebonne Parish Recreation District No. 5**

For the year ended December 31, 2018

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

##### **a) Financial Statements**

Type of auditor's report issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified that are not considered to be a material weakness? ☐ Yes ☒ None reported

Noncompliance material to consolidated financial statements noted? ☐ Yes ☒ No

##### **b) Federal Awards**

Terrebonne Parish Recreation District No. 5 did not expend federal awards in excess of \$750,000 during the year ended December 31, 2018 and therefore is exempt from the audit requirements under the Uniform Guidance.

#### **Section II Financial Statement Findings**

##### **Internal Control and Compliance**

2018-001 – Local Government Budget Act

**Criteria** – The Local Government Budget Act (R.S. 39:1301-15) R.S. 39:33, or R.S. 39:1331-1342 requires:

1. The proposed budget be submitted to the governing authority and made available for public inspection at least 15 days prior to the beginning of the budget year (R.S. 39:1306).
2. To the extent that proposed expenditures were greater than \$500,000, the budget should be made available for public inspection and advertised in the official journal. The advertisement is to include the date, time, and place of the public hearing on the budget.

**SCHEDULE OF FINDINGS AND RESPONSES**  
**(Continued)**

**Terrebonne Parish Recreation District No. 5**

For the year ended December 31, 2018

**Section II Financial Statement Findings (Continued)**

**Internal Control and Compliance (Continued)**

2018-001 – Local Government Budget Act (Continued)

**Criteria – (Continued)**

3. Publishing a statement that all action necessary to adopt and finalize the budget was completed prior to the date required by state law (R.S. 39:1309).
4. The governing authority adopt a budget amendment if there is a 5% or greater shortage in revenue or excess expenditures.

**Condition** – The 2018 amended/final and proposed 2019 budgets adopted by the District were not made available for public inspection and not advertised in the official journal. Notice was not published certifying that all actions required by the Local Government Budget Act were completed.

**Effect** – Budgets were not advertised and made available for public inspection and comment.

**Cause** – A failure to monitor the budgetary process for compliance with state law.

**Content** – Systematic.

**Auditor's Recommendation** – We recommend the District ensure that budget policies and procedures are adequate and are being followed. We recommend the District adopt, advertise, and publish original, amended and final budgets. We recommend the District advertise and publish the proposed budget for 2019.

**Views of Responsible Officials** – Budgets for 2018 and 2019 will be advertised and published in the official journal (The Courier)

**SCHEDULE OF FINDINGS AND RESPONSES**  
**(Continued)**

**Terrebonne Parish Recreation District No. 5**

For the year ended December 31, 2018

**Section II Financial Statement Findings (Continued)**

**Internal Control and Compliance (Continued)**

2018-002 – Public Notices

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

**Condition** – Board minutes were not published in the official journal (The Courier) for April and October 2018.

**Effect** – Board minutes were not available to the public.

**Cause** – A failure to consistently follow up minutes of meetings by the District.

**Content** – Systematic.

**Auditor's Recommendation** – We recommend the District publish minutes for April and October 2018 in the official journal and continue to publish minutes immediately after adoption by the Board.

**Views of Responsible Officials** – The District will publish minutes in the official journal.

2018-003 – Policies and Procedures

**Criteria** – Best practices dictate that formal/written policies and procedures are necessary as a clear understanding of what should be done, how it should be done, who should do it, and when it should be done and ensure the policies and procedures followed meet management's expectation.

**SCHEDULE OF FINDINGS AND RESPONSES**  
**(Continued)**

**Terrebonne Parish Recreation District No. 5**

For the year ended December 31, 2018

**Section II Financial Statement Findings (Continued)**

**Internal Control and Compliance (Continued)**

**2018-003 – Policies and Procedures (Continued)**

**Condition** – The Legislative Auditor in its Statewide Agreed Upon Procedure engagements has indicated that governmental entities across the state adopt a set of formal written policies and procedures. To date the District has not adopted these policies and procedures.

**Effect** – There may not be a clear understanding of task to be done.

**Cause** – In prior years, the board has felt that activities were small enough that the District could operate without written policies and procedures.

**Content** – Systematic.

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

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

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



**SCHEDULE OF FINDINGS AND RESPONSES**  
**(Continued)**

**Terrebonne Parish Recreation District No. 5**

For the year ended December 31, 2018

**Section II Financial Statement Findings (Continued)**

**Internal Control and Compliance (Continued)**

2018-003 – Policies and Procedures (Continued)

**Auditor's Recommendation – (Continued)**

- c) ***Disbursements***, including processing, reviewing, and approving.
- d) ***Receipts***, including receiving, recording, and preparing deposits.
- e) ***Payroll/Personnel***, including (1) payroll processing; and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) ***Contracting***, including (1) types of services requiring written contracts; (2) standard terms and conditions; (3) legal review; (4) approval process; and (5) monitoring process.
- g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled; (2) allowable business uses; (3) documentation requirements; (4) required approvers; and (5) monitoring card usage.
- h) ***Travel and expense reimbursement***, including (1) allowable expenses; (2) dollar thresholds by category of expense; (3) documentation requirements; and (4) required approvers.

**Views of Responsible Officials** – The District will compose and adopt the policies listed above.

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

Not applicable.

## **REPORTS BY MANAGEMENT**

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

### **Terrebonne Parish Recreation District No. 5**

For the year ended December 31, 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. 5 did not expend federal awards in excess of \$750,000 during the year ended December 31, 2017 and therefore is exempt from the audit requirements under the Uniform Guidance.

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

##### **2017-001 Public Notices**

**Recommendation** - We recommend the District publish minutes for the months of July through December 2016 in the official journal and continue to publish minutes immediately after adoption by the Board.

**Management's Response** - We will publish minutes for the months of July through December 2016 and continue to publish minutes immediately after adoption by the Board. **Unresolved (See 2018-002).**

**SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES**  
**(Continued)**

**Terrebonne Parish Recreation District No. 5**

For the year ended December 31, 2017

**Section III Management Letter (Continued)**

2017-002 Policies and Procedures

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

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

- i) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
- j) **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.
- k) **Disbursements**, including processing, reviewing, and approving.
- l) **Receipts**, including receiving, recording, and preparing deposits.
- m) **Payroll/Personnel**, including (1) payroll processing; and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- n) **Contracting**, including (1) types of services requiring written contracts; (2) standard terms and conditions; (3) legal review; (4) approval process; and (5) monitoring process.
- o) **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.
- p) **Travel and expense reimbursement**, including (1) allowable expenses; (2) dollar thresholds by category of expense; (3) documentation requirements; and (4) required approvers.

**SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES**  
**(Continued)**

**Terrebonne Parish Recreation District No. 5**

For the year ended December 31, 2017

**Section III Management Letter (Continued)**

2017-002 Policies and Procedures (Continued)

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

**Management's Response** - The Board will give consideration to adopting written policies and procedures. (See 2018-003).

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

### **Terrebonne Parish Recreation District No. 5**

For the year ended December 31, 2018

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

##### **Internal Control and Compliance**

**2018-001 Recommendation** - We recommend the District ensure that budget policies and procedures are adequate and are being followed. We recommend the District advertise and publish original, amended and final budgets. We recommend the District advertise and publish the proposed budget for 2019.

**Management's Response** - Budgets will be published in the official journal.

**2018-002 Recommendation** - We recommend the District publish April and October minutes for 2018 in the official journal and continue to publish minutes immediately after adoption by the Board.

**Management's Response** – April and October minutes for 2018 and subsequent minutes will be published in the official journal.

**2018-003 Recommendation** – We recommend the District adopt policies and procedures and ensure they are being followed. These policies and procedures should be approved by management and/or the Board and should be in place for the full year. The Louisiana Legislative Auditor provides some guidance through their publications of best practices, which can be found on their website (<https://www.la.la.gov/audit-resources/best-practices/index.shtml>).

**Management's Response** – The District will write and adopt the mentioned policies.

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

Terrebonne Parish Recreation District No. 5 did not expend federal awards in excess of \$750,000 during the year ended December 31, 2018 and therefore is exempt from the audit requirements under the *Uniform Guidance*.

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

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

**STATEWIDE AGREED-UPON PROCEDURES**

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

To the Board of Commissioners,  
Terrebonne Parish Recreation District No. 5,  
Bourg, Louisiana.

We have performed the procedures described in Schedule 2, which were agreed to by the Terrebonne Parish Recreation District No. 5 (the "District") and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the year ended December 31, 2018. The District's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with the attestation standards established by the 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,  
June 26, 2019.



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

**Terrebonne Parish Recreation District No. 5**

For the year ended December 31, 2018

The required procedures and our findings are as follows:

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

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

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

Performance: Inquired about management's written policy for budgeting.

Exceptions: Management does not have a written budgeting policy.

Management's response: Management will consider implementing a budgeting policy.

- 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: Inquired about management's written policy for purchasing.

Exceptions: Management does not have a written purchasing policy.

Management's response: Management will consider implementing a purchasing policy.

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

Performance: Inquired about management's written policy for disbursements.

Exceptions: Management does not have a written disbursements policy.

Management's response: Management will consider implementing a disbursements policy.

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

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

Performance: Inquired about management's written policy for collections.

Exceptions: Management does not have a written collections policy.

Management's response: Management will consider implementing a collections policy.

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

Performance: Inquired about management's written policy for payroll.

Exceptions: Management does not have a written payroll policy.

Management's response: Management will consider implementing a payroll policy.

- 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: Inquired about management's written policy for contracts.

Exceptions: Management does not have a written contract policy.

Management's response: Management will consider implementing a contract policy.

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

Performance: Inquired about management's written policy for credit cards.

Exceptions: Management does not have a written credit card policy.

Management's response: The District does not utilize credit cards, but it will consider implementing a credit card policy if it chooses to use them in the future.

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

Performance: Inquired about management's written policy for travel and expense reimbursements.

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

Management's response: Management will consider implementing a travel and expense reimbursements policy.

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

Performance: Inquired about management's written policy for ethics.

Exceptions: Management does not have a written ethics policy.

Management's response: Management will consider implementing an ethics policy.

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

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

Performance: Inquired about management's written policy for debt service.

Exceptions: Management does not have a written debt service policy.

Management's response: Management will consider implementing a debt service policy.

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

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

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

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

Exceptions: It was noted that the board did not meet during two months of the period tested.

Management's response: Management will enforce the importance of meeting monthly.

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

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

Exceptions: The minutes reference financials, but there is no mention of a comparison to the budget.

Management's response: Management will consider adding budget to actual financial statement comparisons to its meetings.

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

**Procedures performed on the District's Bank Reconciliations:**

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

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.

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

Performance: Observed that bank reconciliations were prepared within two months of the related statement closing date.

Exceptions: Two of the four bank reconciliations did not include evidence that they were prepared within two months of the related statement closing date.

Management's response: Management will enforce the timely reconciliation of all bank statements.

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

Performance: Observed that a member of management or a board member reviewed each bank reconciliation.

Exceptions: There was no evidence that a member of management/board member reviewed the bank reconciliations.

Management's response: Management will consider assigning someone to review monthly bank reconciliations.

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

Performance: Inquired if there are items outstanding for more than twelve months from the statement closing date. There were no items outstanding for more than twelve months.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

Performance: The District did not have any cash receipts in the current year. All deposits were processed through electronic funds transfer.

Exceptions: Not applicable.

Management's response: Not applicable.

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

Performance: The District did not have any cash receipts in the current year. All deposits were processed through electronic funds transfer.

Exceptions: Not applicable.

Management's response: Not applicable.

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

Performance: The District did not have any cash receipts in the current year. All deposits were processed through electronic funds transfer.

Exceptions: Not applicable.

Management's response: Not applicable.

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

Performance: The District did not have any cash receipts in the current year. All deposits were processed through electronic funds transfer.

Exceptions: Not applicable.

Management's response: Not applicable.

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

Performance: The District did not have any cash receipts in the current year. All deposits were processed through electronic funds transfer.

Exceptions: Not applicable.

Management's response: Not applicable.

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

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

Performance: The District did not have any cash receipts in the current year. All deposits were processed through electronic funds transfer.

Exceptions: Not applicable.

Management's response: Not applicable.

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

Performance: The District did not have any cash receipts in the current year. All deposits were processed through electronic funds transfer.

Exceptions: Not applicable.

Management's response: Not applicable.

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

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

Performance: The District did not have any cash receipts in the current year. All deposits were processed through electronic funds transfer.

Exceptions: Not applicable.

Management's response: Not applicable.

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

Performance: The District did not have any cash receipts in the current year. All deposits were processed through electronic funds transfer.

Exceptions: Not applicable.

Management's response: Not applicable.

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

Performance: The District did not have any cash receipts in the current year. All deposits were processed through electronic funds transfer.

Exceptions: Not applicable.

Management's response: Not applicable.

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

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

Performance: The District did not have any cash receipts in the current year. All deposits were processed through electronic funds transfer.

Exceptions: Not applicable.

Management's response: Not applicable.

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

Performance: The District did not have any cash receipts in the current year. All deposits were processed through electronic funds transfer.

Exceptions: Not applicable.

Management's response: Not applicable.

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

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Inquired of management and employees as to requirement listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

Performance: Inquired of management and employees as to requirement listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Inquired of management and employees as to requirement listed above.

Exceptions: The accountant is responsible for adding vendors, as well as processing payments.

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

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

Performance: Inquired of management and employees as to requirement listed above.

Exceptions: The accountants responsible for signing checks, processing payments and mailing payments.

Management's response: Management will consider maintaining improved controls over the mailing of checks.

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.



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

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

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

Exceptions: Of the ten disbursements observed, nine contained no proof of approval.

Management's response: Management will consider maintaining better controls over approval of disbursements.

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

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

Performance: Requested a list of all active credit cards, bank debit cards, fuel cards, and P-cards from management and received management's representation. It was noted that the District did not utilize credit cards.

Exceptions: Not applicable.

Management's response: Not applicable.

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

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

Performance: It was noted that the District did not utilize credit cards.

Exceptions: Not applicable.

Management's response: Not applicable.

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

Performance: It was noted that the District did not utilize credit cards.

Exceptions: Not applicable.

Management's response: Not applicable.

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

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

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

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

Performance: It was noted that the District did not utilize credit cards.

Exceptions: Not applicable.

Management's response: Not applicable.

2) Written documentation of the business/public purpose.

Performance: It was noted that the District did not utilize credit cards.

Exceptions: Not applicable.

Management's response: Not applicable.

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

Performance: It was noted that the District did not utilize credit cards.

Exceptions: Not applicable.

Management's response: Not applicable.

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

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

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

Exceptions: Not applicable.

Management's response: Not applicable.

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

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).  
Performance: It was noted that no travel related expenditures incurred.  
Exceptions: Not applicable.  
Management's response: Not applicable.
- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.  
Performance: It was noted that no travel related expenditures incurred.  
Exceptions: Not applicable.  
Management's response: Not applicable.
- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedures #1h).  
Performance: It was noted that no travel related expenditures incurred.  
Exceptions: Not applicable.  
Management's response: Not applicable.
- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving the reimbursement.  
Performance: It was noted that no travel related expenditures incurred.  
Exceptions: Not applicable.  
Management's response: Not applicable.

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

- 15. Obtain a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Obtain management's representation that the listing is complete. Randomly select five contracts (or all contracts if less than five) from the listing, and:  
Performance: Obtained a listing of contracts initiated or renewed during the fiscal period and received management's representation in a separate letter. The District initiated or renewed one contract.  
Exceptions: There were no exceptions noted.  
Management's response: Not applicable.

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

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

**Procedures performed on the District's Payroll and Personnel:**

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

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

Exceptions: Four of the employees selected were paid a fixed monthly salary and did not have time and attendance.

Management's response: Management will consider enforcing the use of timesheets for all employees.

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

Performance: Inspected available attendance records for proper approval.

Exceptions: No proof of supervisor approval of attendance and leave of the selected employees was noted.

Management's response: Management will consider implementing the approval of all employee attendance and leave records.

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

Performance: Inquired of management if any cumulative leave records were retained. It was noted that employees of the District do not accrue leave.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

Performance: Obtained a listing of all employees that terminated during the period from management and received management's representation in a separate letter. It was noted that there were no terminations.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

**Procedure performed on the District's Ethics:**

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

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

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

Exceptions: There was no documentation of ethics training.

Management's response: Management will implement the requirement that all employees/officials perform and obtain ethics compliance documentation.

**Procedure performed on the District's Ethics: (Continued)**

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

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

Exceptions: The District does not have a written ethics policy.

Management's response: Management will consider adopting an ethics policy and have its employees attest annually that they have read the policy.

**Procedures performed on the District's Debt Service:**

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

Performance: Obtained supporting documentation and observed for approval by the State Bond Commission.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Selected one bond/note and obtained supporting documentation for reserve balance and payments. Observed that actual reserve balance and payments agree to debt covenants.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

**Other procedures performed on the District:**

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

**Other procedures performed on the District: (Continued)**

24. Observe and report whether the District has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

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

Exceptions: The District does not have the notice posted on the premises and website.

Management's response: Management will consider posting the notice on its premises and website.