

*Financial Report*

*Terrebonne Parish Recreation District No. 10*

*Theriot, Louisiana*

*For the year ended December 31, 2018*

***Financial Report***

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

***Theriot, 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. 10,  
Theriot, Louisiana.

We have audited the accompanying financial statements of the governmental activities and the General Fund of Terrebonne Parish Recreation District No. 10, State of Louisiana (the District), a component unit of Terrebonne Parish Consolidated Government, State of Louisiana, as of and for the year ended December 31, 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. 10 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.

## **Change in Accounting Policy**

As discussed in Notes 1o) and Note 8 to the financial statements, the District adopted new guidance in Governmental Accounting Standards Board Statement No. 75 (GASB 75), *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The effect of adopting GASB 75 was to restate opening net position as of January 1, 2019 by \$62,430. Furthermore, during the year ended December 31, 2018, the District adopted an optional Medicare Advantage (MA) plan, which 70% of Plan retirees elected to participate. The effect of the change in benefits for participation in the MA reduced the OPEB expense by \$45,730.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4 through 10, the Schedule of Changes in the District's Total OPEB Liability and Related Ratios on page 43, the Schedule of the District's Proportionate Share of Net Pension Liability (Asset) on page 44 and the Schedule of the District's Contributions on page 45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information on page 46 is presented for purposes of additional analysis and is not required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 17, 2019 on our consideration of Terrebonne Parish Recreation District No. 10's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants.

Houma, Louisiana,  
May 17, 2019.

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

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

Management's Discussion and Analysis of the Terrebonne Parish Recreation District No. 10's financial performance presents a narrative overview and analysis of the District's financial activities for the year ended December 31, 2018. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with financial statements, which follow this section.

#### **FINANCIAL HIGHLIGHTS**

The District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2018 by \$2,095,496 (net position), which represents a 0.92% decrease from last fiscal year's net position. This decrease is primarily due to the implementation of GASB No. 75, *"Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pension"*, and a change in other postemployment benefits during the year ended December 31, 2018.

The District's revenue increased by \$30,505 (or 5.08%) primarily due to higher miscellaneous revenues and charges for services in the current year.

The District's expenses increased \$12,143 (or 2.11%) primarily due to higher culture and recreation expenses in the current year. This increase is primarily due to additional personnel and increased other services and charges during the year ended December 31, 2018.

The District did not have a deficit total fund balance.

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

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

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

## **Government-wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private sector business. The Statement of Net Position presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. The Statement of Activities presents information showing how the District's net position changed during each fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. The governmental activity of the District is culture and recreation.

## **Fund Financial Statements**

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

## **Governmental Funds**

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

The District maintains one individual governmental fund. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance for the General Fund. The District adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. The governmental fund financial statements can be found on pages 11 - 15 of this report.

## **Notes to the Financial Statements**

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

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. As of December 31, 2018, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$2,095,496. A large portion of the District's net position (75.41%) reflects its investment in capital assets (e.g., land; buildings; improvements; office furniture, fixtures and equipment; vehicles, machinery and equipment). Consequently, these assets are not available for future spending.

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

	<u>December 31,</u>		<u>Dollar</u>
	<u>2018</u>	<u>2017</u>	<u>Change</u>
Current and other assets	\$ 1,094,652	\$ 1,076,499	\$ 18,153
Capital assets	1,580,147	1,585,974	(5,827)
Total assets	<u>2,674,799</u>	<u>2,662,473</u>	<u>12,326</u>
Deferred outflows of resources	<u>9,750</u>	<u>12,795</u>	<u>(3,045)</u>
Current and other liabilities	4,860	4,975	(115)
Long-term liabilities	54,415	105,726	(51,311)
Total liabilities	<u>59,275</u>	<u>110,701</u>	<u>(51,426)</u>
Deferred inflows of resources	<u>529,778</u>	<u>512,096</u>	<u>17,682</u>
Net Position:			
Net invested in capital assets	1,580,147	1,585,974	(5,827)
Unrestricted	515,349	466,497	48,852
Total net position	<u>\$ 2,095,496</u>	<u>\$ 2,052,471</u>	<u>\$ 43,025</u>

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

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

### **Governmental Activities**

Governmental activities increased the District's net position by \$43,025. Key elements of this increase are presented on the following page:

**Governmental Activities (Continued)**

**Condensed Statement of Activities**

	For the Years Ended December 31,		Dollar Change	Total Percent Change
	2018	2017		
<b>Revenues:</b>				
Program revenues:				
Charges for services	\$ 52,789	\$ 42,748	\$ 10,041	23.49%
General revenues:				
Taxes	519,948	518,643	1,305	0.25%
Intergovernmental	40,977	36,031	4,946	13.73%
Miscellaneous	16,936	2,723	14,213	521.96%
Total revenues	<u>630,650</u>	<u>600,145</u>	<u>30,505</u>	5.08%
<b>Expenses:</b>				
General government	22,001	26,026	(4,025)	-15.47%
Culture and recreation	565,624	549,456	16,168	2.94%
Total expenses	<u>587,625</u>	<u>575,482</u>	<u>12,143</u>	2.11%
Increase in net position	<u>43,025</u>	<u>24,663</u>	<u>18,362</u>	74.45%
Net position, as previously reported	2,052,471	2,090,238	(37,767)	-1.81%
Implementation of GASB Statement No. 75	-	(62,430)	62,430	0.00%
Net position, beginning of year, restated	<u>2,052,471</u>	<u>2,027,808</u>	<u>24,663</u>	1.22%
Net position, end of year	<u>\$ 2,095,496</u>	<u>\$ 2,052,471</u>	<u>\$ 43,025</u>	2.10%

District revenues increased as a result of higher collections of prior years' ad valorem taxes, donation of a building and increases in the summer camp grant from the Terrebonne Parish Consolidated Government. District expenses increased, before OPEB, in personal services due to the creation of a full-time maintenance position. Other services and charges increased due to losses on dispositions of capital assets.

**FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND**

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

## **Governmental Funds**

The focus of the District's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances is \$546,693, an increase of \$13,080 compared to the prior year. The fund balance is reported as unassigned and is available for spending at the District's discretion.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, the District's total fund balance is within the General Fund. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance to total fund expenditures. The fund balance of the District's General Fund increased by \$13,080 during the current fiscal 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:

### **Revenues**

- Ad valorem taxes were increased \$39,351, after considering \$22,001 of adjustments and deductions, to appropriately reflect actual revenue.
- Intergovernmental revenue increased by \$33,500 to reflect the receipt of grants from Terrebonne Parish Consolidated Government for summer camp programs and increase in state revenue sharing.
- Charges for services were increased by \$45,310 to reflect fees charged to summer camp attendees.

### **Expenditures**

- Personal services increased by \$83,650 to account for summer camp employees pay and the addition of a full-time maintenance employee.
- Other services and charges increased by \$34,200 to account for additional costs expected to be needed in association with the summer camp programs.
- Repairs and maintenance increased by \$25,000 to account for more than anticipated expenditures in the current year.

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

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

The District's investment in capital assets for its governmental activities as of December 31, 2018, amounts to \$1,580,147 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, vehicles, machinery and equipment, office furniture, fixtures and equipment and construction in progress.

	<u>2018</u>	<u>2017</u>
Land	\$ 59,657	\$ 59,657
Construction in Progress	10,000	-
Buildings	2,420,086	2,392,340
Improvements other than buildings	957,795	998,422
Vehicles, machinery, and equipment	593,996	571,280
Office furniture, fixtures and equipment	<u>23,003</u>	<u>23,003</u>
Totals	<u>\$ 4,064,537</u>	<u>\$ 4,044,702</u>

Major capital asset events during the current fiscal year were installation of concrete extended aeration wastewater treatment plant, culvert system at walking track, resurfacing of tennis courts and replacement of doors at the recreation building.

All projects that began work on in 2018 were completed in 2018. However, T Baker Smith is performing a drainage study with design and survey at the Dularge Middle School baseball complex. Thus, there is \$10,000 in construction in progress at the end of the year.

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

### Long-Term Obligations

The District reported a net pension asset of \$8,763 as of December 31, 2018 related to GASB No. 68. In 2017, the District recognized a net pension liability related to GASB No. 68 of \$7,368. Other post-employment benefit obligations decreased \$45,464 to \$45,234 as of December 31, 2018 due to the implementation of GASB No. 75, *"Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pension"*. Obligations for unpaid annual leave increased \$1,521. Unpaid annual leave obligations amounted to \$9,181 as of December 31, 2018.

More detailed information about the District's long-term obligations is presented in Note 7, Exhibit F of this report. This includes liabilities for compensated absences, other postemployment benefits and net pension liabilities. More detailed information about the District's other postemployment benefits is presented in Note 8, Exhibit F of this report. More detailed information about the District's net pension asset is presented in Note 9, Exhibit F of this report.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

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

- The ad valorem tax revenue is budgeted to be consistent with past collections.
- Interest income is budgeted to be consistent with prior year.
- Swimming pool revenues are budgeted to be reduced due to the Board agreeing not to charge general admission.
- Salaries and wages are budgeted with a 3% increase for a cost of living adjustment.
- Continuing repairs to the District's aging properties and facilities continues to a source of concern.
- The District purchased, in 2016, property located at the Dularge Middle School ball fields for additional parking. The additional property will require additional funds for maintenance and improvements.
- Drainage improvements at the ball fields will also require significant expense in 2019.
- Air conditioning and heating equipment may be required to be replaced in 2019. The replacement of that system will be in excess of \$50,000.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Board of Directors of the Terrebonne Parish Recreation District No. 10, 1657 Dr. Beatrous Road, Theriot, LA 70397.

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

**Terrebonne Parish Recreation District No. 10**

December 31, 2018

	General Fund	Adjustments (Exhibit B)	Statement of Net Position
<b>Assets</b>			
Cash	\$ 567,415		\$ 567,415
Receivables:			
Taxes	102,254		102,254
Other	300		300
Due from other governmental units	393,478		393,478
Net pension asset		\$ 8,763	8,763
Prepaid insurance	-	22,442	22,442
Capital assets:			
Non-depreciable	-	69,657	69,657
Depreciable, net of accumulated depreciation	-	1,510,490	1,510,490
Total assets	<u>1,063,447</u>	<u>1,611,352</u>	<u>2,674,799</u>
<b>Deferred Outflows of Resources - Pensions</b>	-	9,750	9,750
Total assets and deferred outflows of resources	<u>\$ 1,063,447</u>	<u>1,621,102</u>	<u>2,684,549</u>
<b>Liabilities</b>			
Accounts payables and accrued expenditures	\$ 4,542	-	4,542
Due to Terrebonne Parish Consolidated Government	318	-	318
Long-term liabilities:			
Due after one year	-	54,415	54,415
Total liabilities	<u>4,860</u>	<u>54,415</u>	<u>59,275</u>
<b>Deferred inflows of resources</b>			
Ad valorem taxes	511,894	-	511,894
Other postemployment benefits		3,007	3,007
Pensions	-	14,877	14,877
Total deferred inflows	<u>511,894</u>	<u>17,884</u>	<u>529,778</u>
Total liabilities and deferred inflows of resources	<u>516,754</u>	<u>72,299</u>	<u>589,053</u>
<b>Fund Balances/Net Position</b>			
Fund balances:			
Unassigned	546,693	(546,693)	-
Total liabilities and fund balances	<u>\$ 1,063,447</u>		
Net Position:			
Net investment in capital assets		1,580,147	1,580,147
Unrestricted		515,349	515,349
Total net position		<u>\$ 2,095,496</u>	<u>\$ 2,095,496</u>

See notes to financial statements.

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

**Terrebonne Parish Recreation District No. 10**

December 31, 2018

<b>Fund Balances - Governmental Fund</b>		<b>\$ 546,693</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	\$ 4,064,537	
Less accumulated depreciation	<u>(2,484,390)</u>	1,580,147
Deferred outflows of resources used in governmental activities are not financial resources and are not reported in governmental funds		9,750
Other assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Prepaid insurance	\$ 22,442	
Net pension asset	<u>8,763</u>	31,205
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Other postemployment benefit obligations	\$ (45,234)	
Compensated absences payable	<u>(9,181)</u>	(54,415)
Deferred inflows of resources are not due and payable in the current period and are not reported in governmental funds		
Pensions	\$ (14,877)	
Other postemployment benefit obligations	<u>(3,007)</u>	<u>(17,884)</u>
<b>Net Position of Governmental Activities</b>		<b><u>\$ 2,095,496</u></b>

See notes to financial statements.

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

**Terrebonne Parish Recreation District No. 10**

For the year ended December 31, 2018

	General Fund	Adjustments (Exhibit D)	Statement of Activities
<b>Revenues</b>			
Taxes	\$ 519,948		\$ 519,948
Intergovernmental:			
State of Louisiana:			
State revenue sharing	7,977		7,977
Terrebonne Parish Consolidated Government	33,000		33,000
Charges for services	52,789		52,789
Miscellaneous:			
Interest	2,984		2,984
Other	4,337	\$ 9,615	13,952
Total revenues	621,035	9,615	630,650
<b>Expenditures/Expenses</b>			
Current:			
General government:			
Ad valorem tax adjustment	4,661		4,661
Ad valorem tax deductions	17,340		17,340
Total general government	22,001		22,001
Culture and recreation:			
Personal services	232,226	(41,261)	190,965
Supplies and materials	47,539	-	47,539
Other services and charges	94,831	20,879	115,710
Repairs and maintenance	82,828	-	82,828
Depreciation	-	128,582	128,582
Total culture and recreation	457,424	108,200	565,624
Capital outlay	128,530	(128,530)	-
Total expenditures/expenses	607,955	(20,330)	587,625
<b>Net Change Fund Balance</b>	13,080	(13,080)	-
<b>Change in Net Position</b>	-	43,025	43,025
<b>Fund Balances/Net Position</b>			
Beginning of year, as restated	533,613	1,518,858	2,052,471
End of year	\$ 546,693	\$ 1,548,803	\$ 2,095,496

See notes to financial statements.

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

**Terrebonne Parish Recreation District No. 10**

For the year ended December 31, 2018

<b>Net Change in Fund Balances - Governmental Funds</b>		<b>\$ 13,080</b>
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	\$ 128,530	
Depreciation expense	<u>(128,582)</u>	(52)
The net effect of miscellaneous transactions involving capital assets, such as dispositions, trade-ins and donations, is to decrease capital assets.		
		(5,784)
Some expenditures reported in the governmental funds require the use of current financial resources and are not reported as expenses in the statement of activities.		
Decrease in prepaid insurance		(5,480)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Decrease in other postemployment benefit obligations	42,464	
Increase in compensated absences payable	(1,521)	
Pension expense	<u>318</u>	<u>41,261</u>
<b>Change in Net Position of Governmental Activities</b>		<b><u>\$ 43,025</u></b>

See notes to financial statements.

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

**Terrebonne Parish Recreation District No. 10**

For the year ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 480,000	\$ 519,351	\$ 519,948	\$ 597
Intergovernmental:				
State of Louisiana:				
State revenue sharing	7,500	8,000	7,977	(23)
Terrebonne Parish Consolidated Government	-	33,000	33,000	-
Charges for services	1,500	46,810	52,789	5,979
Miscellaneous:				
Interest	2,000	2,760	2,984	224
Other	-	4,350	4,337	(13)
Total revenues	<u>491,000</u>	<u>614,271</u>	<u>621,035</u>	<u>6,764</u>
<b>Expenditures</b>				
Current:				
General government				
Ad valorem tax adjustments	-	4,661	4,661	-
Ad valorem tax deductions	-	17,340	17,340	-
Total general government	<u>-</u>	<u>22,001</u>	<u>22,001</u>	<u>-</u>
Culture and recreation:				
Personal services	148,200	231,850	232,226	(376)
Supplies and materials	41,000	49,000	47,539	1,461
Other services and charges	81,300	115,500	94,831	20,669
Repairs and maintenance	150,000	175,000	82,828	92,172
Total culture and recreation	<u>420,500</u>	<u>571,350</u>	<u>457,424</u>	<u>113,926</u>
Capital outlay	<u>35,000</u>	<u>26,600</u>	<u>128,530</u>	<u>(101,930)</u>
Total expenditures	<u>455,500</u>	<u>619,951</u>	<u>607,955</u>	<u>11,996</u>
<b>Excess (Deficit) of Revenues Over Expenditures</b>	35,500	(5,680)	13,080	18,760
<b>Other Financing Sources (Uses)</b>				
Transfer in	-	-	-	-
<b>Net Change in Fund Balance</b>	35,500	(5,680)	13,080	18,760
<b>Fund Balance</b>				
Beginning of year	<u>372,806</u>	<u>533,613</u>	<u>533,613</u>	<u>-</u>
End of year	<u>\$ 408,306</u>	<u>\$ 527,933</u>	<u>\$ 546,693</u>	<u>\$ 18,760</u>

See notes to financial statements.

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

December 31, 2018

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

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

**a) Reporting Entity**

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

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

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Reporting Entity (Continued)

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

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

b) Basis of Presentation

The District's financial statements consist of the government-wide statements on all activities of the District and the governmental fund financial statements (individual major funds).

Government-wide Financial Statements:

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

Fund Financial Statements:

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

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

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

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

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

**Government-wide Financial Statements:**

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

**Fund Financial Statements:**

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

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

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

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

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on general long-term debt which is recognized when due. Allocations of cost such as depreciation are not recognized in the governmental funds.

**d) Use of Estimates**

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

**e) Operating Budgetary Data**

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

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

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

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

**f) Accounts Receivable**

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

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

**g) Prepaid Insurance**

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

**h) Capital Assets**

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

**Government-wide Financial Statements:**

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets purchased or acquired with an original cost of \$500 or more, are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation.

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

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

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

**Fund Financial Statements:**

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

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

**i) Long-Term Debt**

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

**Government-wide Financial Statements:**

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

**Fund Financial Statements:**

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

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

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

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

**k) Vacation and Sick Leave**

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

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

**k) Vacation and Sick Leave (Continued)**

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

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

**l) Pensions**

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

**m) Other Postemployment Benefits**

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

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n) Equity

Government-wide Statements:

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

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

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

Fund Financial Statements:

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

- a. Non-spendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to maintain intact.
- 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.

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

**n) Equity (Continued)**

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

For the classification of government fund balances, the District considers an expenditure to be made from the most restrictive first when more than one classification is available. The District's fund balance was classified as unassigned as of December 31, 2018.

**o) Restatement of Net Position**

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

The statement had the following impact on previously reported balances:

Statement of Activities	Governmental Activities
Net position, January 1, 2018, as previously stated	\$ 2,114,901
Restatement for implementation of GASB Statement No. 75, (see Note 1p)	(62,430)
Net position, January 1, 2018, restated	\$ <u>2,052,471</u>

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) New GASB Statements

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

Statement No. 75, *"Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions"* replaces the requirements of GASB Statement No. 45. This Statement requires governments to report a liability on the face of the financial statements for the OPEB that they provide: governments that are responsible only for OPEB liabilities related to their own employees and that provide OPEB through a defined benefit OPEB plan administered through a trust that meets specified criteria will report a net OPEB liability, governments that participate in a cost-sharing OPEB plan that is administered through a trust that meets the specified criteria will report a liability equal to their proportionate share of the collective OPEB liability for all entities participating in the cost-sharing plan and governments that do not provide OPEB through a trust that meets specified criteria will report the total OPEB liability related to their employees. Implementation of this Statement required the restatement of net position as of January 1, 2018 for the cumulative unfunded actuarial liability as described in Note 1o.

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

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) New GASB Statements (Continued)

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

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

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

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) New GASB Statements (Continued)

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

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

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

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

**p) New GASB Statements (Continued)**

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

**Note 2 - DEPOSITS AND INVESTMENTS**

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

**Deposits:**

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

The year-end balances of deposits are as follows:

	<u>Bank Balances</u>	<u>Reported Amounts</u>
Cash	<u>\$ 582,253</u>	<u>\$ 567,415</u>

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

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a written policy for custodial risk but does comply with state law in custodial activities. As of December 31, 2018, \$332,253 of the District's bank balance of \$582,253 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 was adequately collateralized, under state law, by securities held by unaffiliated banks for the amount of the District. The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities subject to custodial credit risk. Even though the pledged securities are considered subject to custodial credit risk under the provisions of GASB Statement No. 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

**Note 3 - PROPERTY TAXES**

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

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

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

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

State of Louisiana - State revenue sharing	\$ 5,273
Terrebonne Parish Tax Collector - December 2018 collections remitted to the District in January 2019:	
Ad valorem taxes	379,569
State revenue sharing	2,636
Terrebonne Parish Consolidated Government Summer Enrichment Program	<u>6,000</u>
Total	<u>\$ 393,478</u>

**Note 5 - CHANGES IN CAPITAL ASSETS**

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

	Balance January 1, 2018	Additions	Deletions	Balance December 31, 2018
Capital assets not being depreciated:				
Land	\$ 59,657			\$ 59,657
Construction in Progress	-	\$ 10,000		10,000
Total capital assets not being depreciated	59,657	10,000		69,657
Capital assets being depreciated:				
Buildings	2,392,340	27,746		2,420,086
Improvements other than buildings	998,422	73,835	\$ 114,462	957,795
Autos and trucks	18,196	-	-	18,196
Machinery and equipment	553,084	26,564	3,848	575,800
Office furniture, fixtures, and equipment	23,003	-	-	23,003
Total capital assets being depreciated	3,985,045	128,145	118,310	3,994,880
Less accumulated depreciation for:				
Buildings	(1,556,997)	(60,973)	-	(1,617,970)
Improvements other than buildings	(552,008)	(36,436)	(99,462)	(488,982)
Autos and trucks	(18,196)	-	-	(18,196)
Machinery and equipment	(312,295)	(30,482)	(3,458)	(339,319)
Office furniture, fixtures, and equipment	(19,232)	(691)	-	(19,923)
Total accumulated depreciation	(2,458,728)	(128,582)	(102,920)	(2,484,390)
Total capital assets being depreciated, net	1,526,317	(437)	15,390	1,510,490
Total capital assets, net	\$ 1,585,974	\$ 9,563	\$ 15,390	\$ 1,580,147

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

Accounts payable and accrued expenditures amounted to \$4,542 as of December 31, 2018 and consisted of invoices payable to vendors.

**Note 7 - LONG-TERM OBLIGATIONS**

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

	Payable January 1, 2018 (Restated)	Obligations		Payable December 31, 2018
		Retired	Generated	
Compensated absences	\$ 7,660	\$ (3,694)	\$ 5,215	\$ 9,181
Other postemployment benefits, restated	90,698	(45,464)	-	45,234
Net pension liability	<u>7,368</u>	<u>(7,368)</u>	<u>-</u>	<u>-</u>
	<u>\$ 105,726</u>	<u>\$ (56,526)</u>	<u>\$ 5,215</u>	<u>\$ 54,415</u>

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

**Note 8 - POSTEMPLOYMENT HEALTHCARE BENEFITS**

**Plan Description**

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

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

District employees retiring on or after January 1, 2005 and before January 1, 2013 with at least ten years of permanent full-time creditable service in the Parochial Employees Retirement System with the District shall be eligible to participate in the Plan approved by the Board of Commissioners under the following vesting schedule: 10 years of service, 27.5%, 11 to 15 years of service, 27.5% plus, 2.75% per year; 16 to 20 years of service, 41.25% plus 3.75% per year; 21 years or more of service, 60% plus 4.25% per year of service over 20 years of service, limited to 80% of the premium. Employees hired on or after January 1, 2013 and retiring with at least 30 years of permanent full time creditable service shall be eligible to participate in the approved Plan with benefits limited to 80% of the premium. A retired employee may provide dependent hospitalization coverage at applicable dependent rates. To be eligible for coverage after retirement, retired employees must be eligible for retirement under the Parochial Employees' Retirement System, see Note 9. The District currently has one active employee and no retirees in the plan. The District does not issue a publicly available financial report on the Plan.

**Funding Policy**

The District fully funds required premiums based on pay-as-you-go financing requirements. For the fiscal year 2018 the District did not pay any premiums for the retirees.

**Total OPEB Liability**

**Actuarial Assumptions and Other Inputs**

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

<b>Measurement Date</b>	December 31, 2018
<b>Acturial Valuation Date</b>	January 1, 2018
<b>Inflation</b>	2.50%
<b>Salary Increases, Including Inflation</b>	3.00%
<b>Discount Rate</b>	3.71%
<b>Healthcare Cost Trend Rates</b>	Medical - 7.00% in year 1 decreasing in decrements of 0.50% per year until 5.00% through year 5
	Dental - 4.00% in year 1 decreasing in decrements of 0.25% per year until 3.00% through year 5

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

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

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

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

Effective January 1, 2019, retirees age 65 and over have the option of enrolling in a Medicare Advantage plan. Since the legal matters and enrollment changes were completed prior to December 31, 2018, the District has reflected the change in benefits as of the December 31, 2018 measurement date, resulting in 70.00% of eligible retirees moving from the PPO plans. The change in benefits resulted in a direct reduction of the total OPEB liability of \$45,730 and was the primary input to the net reduction in OPEB liability of \$45,464 to a balance of \$45,234 as of December 31, 2018.

**Changes in the Total OPEB Liability**

	<u>Total OPEB Liability</u>
Balance as of December 31, 2018, as previously restated	\$ 28,268
Implementation of GASB No. 75	<u>62,430</u>
Balance as of December 31, 2018, restated	<u>90,698</u>
Changes for the year:	
Service cost	2,093
Interest	3,050
Difference between expected and actual experience	(452)
Changes in assumptions	(3,156)
Change in benefit terms	(45,730)
Benefit payments	<u>(1,269)</u>
Net changes	<u>(45,464)</u>
Balance as of December 31, 2018	<u>\$ 45,234</u>

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

**Sensitivity to total OPEB Liability to Change in the Discount Rate**

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

	<u>1.00% Decrease (2.71%)</u>	<u>Current Discount Rate (3.71%)</u>	<u>1.00% Increase (4.71%)</u>
Total OPEB Liability	<u>\$ 53,761</u>	<u>\$ 45,234</u>	<u>\$ 38,546</u>

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

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

	<u>1.00% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1.00% Increase</u>
Total OPEB Liability	<u>\$ 37,713</u>	<u>\$ 45,234</u>	<u>\$ 55,175</u>

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

For the year ended December 31, 2018 the District recognized OPEB credit of \$42,457. As of December 31, 2018, the District reported deferred outflows or resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflow of Resources</u>
Difference between expected and actual experience	\$	\$ (377)
Change in assumptions	<u>                    </u>	<u>(2,630)</u>
Total	<u>\$ -</u>	<u>\$ (3,007)</u>

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

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

Year Ending December 31,	Amount
2019	\$ (601)
2020	(602)
2021	(602)
2022	(601)
2023	(601)
Total	\$ (3,007)

**Note 9 - DEFINED BENEFIT PENSION PLAN**

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

**Benefits Provided.** The System provides retirement, deferred retirement, disability and death benefits to employees who work at least 28 hours a week. Retirement benefits are generally equal to 2.0% of the member's final average compensation multiplied by the years of creditable service. For members hired prior to January 1, 2007 they may retire with full benefits at age 55 upon completing 30 years of service, retire at age 60 after completing 10 years of service or retire at age 65 after completing 7 years of service. For members hired after January 1, 2007 they may retire with full benefits at age 55 after completing 30 years of service, retire at age 62 after completing 10 years of service or retire at age 67 after completing 7 years of service.

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

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

**Contributions.** According to state statute, contributions for all employers are actuarially determined each year. For the year ending December 31, 2017, the actuarial employer contribution rate was 6.75% of member's compensation. However, the actual rate for the fiscal years ending December 31, 2018 and 2017 was 7.50% and 8.00% respectively.

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

Contributions to the System from the District were \$4,365 for the year ended December 31, 2018.

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

**Pension Assets.** As of December 31, 2018, the District reported an asset of \$8,763 for its proportionate share of System's the net pension asset. The net pension asset was measured as of December 31, 2017 and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. The District's proportion of the net pension asset was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. As of December 31, 2017, the District's proportion was 0.069645%, which was an increase of 0.012929% from its proportion measured as of December 31, 2016.

**Pension Expense.** For the year ended December 31, 2018, the District recognized pension expense of \$4,049.

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

	<u>Deferred</u>	<u>Deferred</u>
Difference between expected and actual experience		\$ (4,564)
Net difference between projected and actual earnings on pension plan investments		(10,313)
Change in proportionate share	\$ 229	-
Changes in assumptions	5,156	-
Contributions subsequent to the measurement date	4,365	-
	<u>\$ 9,750</u>	<u>\$ (14,877)</u>

The District reported \$4,365 as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date and will be recognized as a reduction of the net pension asset in the year ending December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2020	\$ (387)
2021	(1,341)
2022	(3,765)
2023	(3,999)
Total	<u>\$ (9,492)</u>

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

**Actuarial Assumptions.** A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2018 are as follows:

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

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the Capital Asset Pricing Model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.62% as of December 31, 2017.

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

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

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

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

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

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
District's proportionate share of the net pension asset (liability)	\$18,672	\$8,763	(\$31,905)

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

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

**Note 10 - RISK MANAGEMENT**

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

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

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.

The Parish is self-insured for the first \$175,000 of each claim relating to group health insurance. The aggregate deductible for all group claims relating to group health insurance for 2017 was \$18,310,378. The Parish is covered under an insurance contract for the excess liability on individual claims. There is no lifetime maximum claims limit for covered employees. Coverage for group health claim liabilities are to be funded by assets of the Parish's group health internal service fund, \$550,247 as of December 31, 2017, then secondly by the District.

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

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 the 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 during the year ended December 31, 2018 totaled \$32,243.

**Note 11 - COMPENSATION OF BOARD MEMBERS**

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

<u>Board Members</u>	<u>Number of Meetings Attended</u>	<u>Per Diem</u>
Lloyd Poiencot	10	\$ 250
Arthur Bishop	11	275
Brent Rodrigue	12	300
Daniel Constant	12	300
Travis Malbrough	12	300
Lee Molaison	6	150
Dren Theriot	6	<u>150</u>
Total		<u>\$ 1,725</u>

**Note 12 - CONTINGENCIES**

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

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

The District's ad valorem tax revenues were reduced by \$31,061 under agreements entered into by the State of Louisiana.

**Note 14 - SUBSEQUENT EVENTS**

Management evaluates events occurring subsequent to the date of financial statements in determining the accounting for and disclosure of transactions and events that effect the financial statements. Subsequent events have been evaluated through May 17, 2019 which is the date the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY INFORMATION**

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

**Terrebonne Parish Recreation District No. 10**

For the year ended December 31, 2018

Total OPEB Liability	
Service cost	\$ 2,093
Interest	3,050
Changes of benefit terms	(45,730)
Difference between expected and actual experience	(452)
Changes in assumptions or other inputs	(3,156)
Benefit payments	<u>(1,269)</u>
Net Change in Total OPEB Liability	(45,464)
Total OPEB Liability, beginning of year, restated	<u>90,698</u>
Total OPEB Liability, end of year	<u>\$ 45,234</u>
Covered Employee Payroll	<u>\$ 58,196</u>
Total OPEB liability as a percentage of covered employee payroll	<u>77.73%</u>

Notes to Schedule:

Changes of Benefit Terms:

Effective 1/1/19, a Medicare Advantage plan was introduced as an option for eligible retirees.

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

3.71%

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

**Terrebonne Parish Recreation District No. 10**

December 31, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.0696%	0.0567%	0.0588%	0.0616%
District's proportionate share of the net pension liability (asset)	<u>(\$8,763)</u>	<u>\$7,368</u>	<u>\$10,466</u>	<u>\$4,587</u>
District's covered-employee payroll	<u>\$56,502</u>	<u>\$56,502</u>	<u>\$56,502</u>	<u>\$56,502</u>
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	-15.51%	13.04%	18.52%	8.12%
Plan fiduciary net position as a percentage of the total pension liability	104.02%	95.50%	93.48%	99.89%

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

For the Year Ended December 31, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 4,365	\$ 4,521	\$ 4,520	\$ 5,085
Contributions in relation to the contractually required contribution	<u>(4,365)</u>	<u>(4,521)</u>	<u>(4,520)</u>	<u>(5,085)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	<u>\$ 58,196</u>	<u>\$ 56,502</u>	<u>\$ 56,502</u>	<u>\$ 56,502</u>
Contributions as a percentage of covered - employee payroll	7.50%	8.00%	8.00%	9.00%

**SUPPLEMENTARY INFORMATION SECTION**

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

**Terrebonne Parish Recreation District No. 10**

For the Year Ended December 31, 2018

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

<b>Purpose:</b>	<u>Amount</u>
Salary	\$ 58,196
Benefits - insurance	18,234
Benefits - retirement	4,365
Benefits - other	973
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Meals	-
	<hr/>
	<b><u>\$ 81,768</u></b>

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

**SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS**

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Terrebonne Parish Recreation District No. 10 (the District) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise District's financial statements and have issued our report thereon dated May 17, 2019.

**Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants.

Houma, Louisiana,  
May 17, 2019.

## SCHEDULE OF FINDINGS AND RESPONSES

### Terrebonne Parish Recreation District No. 10

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

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

##### b) Federal Awards

Terrebonne Parish Recreation District No. 10 did not expend federal awards in excess of \$750,000 during the year ended December 31, 2018 and therefore is exempt from the audit requirements under *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance)*.

#### Section II Financial Statement Findings

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

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

Not applicable.

**REPORTS BY MANAGEMENT**

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

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

For the year ended December 31, 2018

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

##### **Internal Control**

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

##### **Compliance**

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

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

Terrebonne Parish Recreation District No. 10 did not expend federal awards in excess of \$750,000 during the year ended December 31, 2017 and therefore is exempt from the audit requirements under *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance)*.

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

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

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

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

For the year ended December 31, 2018

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

##### **Compliance**

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

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

Terrebonne Parish Recreation District No. 10 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 *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (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. 10,  
Theriot, Louisiana.

We have performed the procedures described in Schedule 2, which were agreed to by Terrebonne Parish Recreation District No. 10, State of Louisiana (the District) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the year ended December 31, 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,  
May 17, 2019.

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

**Terrebonne Parish Recreation District No. 10**

For the year ended December 31, 2018

The required procedures and our findings are as follows:

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

1. Obtain the District's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the District does not have any written policies and procedures), as applicable:
  - a) Budgeting, including preparing, adopting, monitoring, and amending the budget.

Performance: Obtained and read the written policy for budgeting, and found it to contain all requirements listed above, except as noted below.  
Exceptions: Management's policy on budgeting does not include a provision discussing the budget preparation or monitoring.  
Management's response: Management will consider adding a provision discussing the budget preparation and monitoring.
  - b) Purchasing, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

Performance: Inquire of management for a purchasing policy.  
Exceptions: Management does not have a purchasing policy.  
Management's response: Management will consider drafting a purchasing policy with the provisions listed above.
  - c) Disbursements, including processing, reviewing, and approving.

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

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

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

Exceptions: Management's policy on payroll/personnel does not include a provision discussing the review and approval of time and attendance records, including leave and overtime worked.

Management's response: Management will consider adding a provision discussing the review and approval of time and attendance records, including leave and overtime worked.

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

Performance: Inquire of management for a contracting policy.

Exceptions: Management does not have a contracting policy.

Management's response: Management will consider drafting a contracting policy with the provisions listed above.

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

Performance: Inquire of management for a credit card policy.

Exceptions: Management does not have a credit card policy.

Management's response: Management will consider drafting a credit card policy with the provisions listed above.

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

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

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

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

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

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

Performance: Inquire of management for an ethics policy.

Exceptions: Management does not have an ethics policy.

Management's response: Management will consider drafting an ethics policy with the provisions listed above.

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

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

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

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

- 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. Randomly select the District's main operating account and select 4 additional accounts (or all accounts if less than 5). Select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

Performance: 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.

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

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

Performance: Observed that bank reconciliations were prepared within 2 months of the related statement closing date.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- b) Bank reconciliations include evidence that a member of management or a board member 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 were no exceptions noted.

Management's response: Not applicable.

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

Performance: Inspected documents for items outstanding for more than 12 months from the statement closing date. Twenty-six checks totaling \$5,540 were outstanding for more than 12 months as of the end of the fiscal period. Two of the checks totaling \$4,000 are outstanding due to a succession issue, the remainder will be considered for escheating to the State.

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 5 deposit sites (or all deposit sites if less than 5).

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

Exceptions: Pool and summer camp employees share the same cash box.

Management's response: Management will make an effort to verify cash collected by each employee before being placed in the cash box.

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

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

Exceptions: There were no exceptions noted.

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

Exceptions: Several employees responsible for collections are not covered by a bond or insurance policy for theft.

Management's response: Management will consider obtaining an insurance policy for theft.

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

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

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

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

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

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

Performance: Traced supporting documentation to the deposit slip.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

Exceptions: One selected deposit did not contain supporting documentation indicating the date of receipt.

Management's response: Management will consider dating all sequentially pre-numbered receipts.

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

Performance: Inspected policy manuals and inquired of management and employees as to requirement listed above. The Recreation Director has the authority to initiate purchases of equipment or building supplies up to \$5,000. For any non-routine purchases or disbursements greater than \$5,000, the Board must approve before purchase can be made.

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

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

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

Performance: Inspected policy manuals and inquired of management and employees as to requirement listed above. The Recreation Director approves purchases of equipment or building supplies up to \$5,000. For any non-routine purchases or disbursements greater than \$5,000, the Board must approve before purchase can be made. The Board approves bills previously paid at each board meeting.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Inspected policy manuals and inquired of management and employees as to requirement listed above. The secretary/treasurer is responsible for adding vendors, as well as processing payments. The secretary/treasurer adds vendors with Board approval.

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)**

- 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: Confirmed authorized check signers. The secretary/treasurer is responsible for processing payments and signatory authority. Checks must be signed by a board member as well.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Obtained the disbursement documentation and observed for proper segregation of duties as listed under #9 above. The Recreation Director approves purchases of equipment or building supplies up to \$5,000. For any non-routine purchases or disbursements greater than \$5,000, the Board must approve before purchase can be made. The Board approves bills previously paid at each board meeting.

Exceptions: Several invoices lacked approval by the recreation director before being paid.

Management's response: Management will consider documenting proper approvals before payment is made.

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

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

Exceptions: One card was noted to have been assessed finance charges and/or late fees.

Management's response: Management will ensure timely payment of statements.

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

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

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

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

Performance: Traced each transaction to an original itemized receipt.

Exceptions: One transaction was missing an itemized receipt.

Management's response: Management will ensure that itemized receipts are attached to statements.

2) Written documentation of the business/public purpose.

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

Exceptions: Although store receipts were coded by the secretary/treasurer upon processing, some store receipts lacked business/public purpose prior to processing.

Management's response: Management will ensure evidence of business/public purpose on receipts prior to processing for payment.

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

Performance: For meal charges, observed supporting documentation for evidence of the individuals participating in meals. It was noted that no meal charges were incurred.

Exceptions: Not applicable.

Management's response: Not applicable.

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

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

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

Exceptions: Not applicable.

Management's response: Not applicable.

**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: Selected 5 reimbursements and obtained the supporting documentation. Observed that the reimbursement rate agreed to those rates established either by the State of Louisiana or the U.S. General Services Administration. It was noted that no travel related expenditures were incurred.

Exceptions: Not applicable.

Management's response: Not applicable.

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

Performance: Selected 5 reimbursements and obtained the supporting documentation. Observed that the reimbursement was supported by original itemized receipt. It was noted that no travel related expenditures were 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: Selected 5 reimbursements and obtained the supporting documentation. Observed that each reimbursement has evidence of documentation of the business/public purpose and other documentation required by written policy. It was noted that no travel related expenditures were incurred.

Exceptions: Not applicable.

Management's response: Not applicable.

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

Performance: Selected 5 reimbursements and obtained the supporting documentation. Observed that each reimbursement was reviewed and approved by someone other than the person receiving the reimbursement. It was noted that no travel related expenditures were incurred.

Exceptions: Not applicable.

Management's response: Not applicable.

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

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

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

Therefore, testing was not required in the current year.

Exceptions: Not applicable.

Management's response: Not applicable.

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

Performance: Prior year testing resulted in no exceptions related to the District's contracts. Therefore, testing was not required in the current year.

Exceptions: Not applicable.

Management's response: Not applicable.

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

Performance: Prior year testing resulted in no exceptions related to the District's contracts. Therefore, testing was not required in the current year.

Exceptions: Not applicable.

Management's response: Not applicable.

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

Performance: Prior year testing resulted in no exceptions related to the District's contracts. Therefore, testing was not required in the current year.

Exceptions: Not applicable.

Management's response: Not applicable.

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

Performance: Prior year testing resulted in no exceptions related to the District's contracts. Therefore, testing was not required in the current year.

Exceptions: Not applicable.

Management's response: Not applicable.

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

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

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

Exceptions: Management did not maintain personnel files for the employees selected.

Management's response: Management will consider maintaining personnel files for all employees.

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

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Inspected attendance and leave records for proper approval. The recreation director approves attendance records for all employees, then forwards a wage sheet recap to the secretary/treasurer for payroll processing.

Exceptions: Attendance records lacked evidence of supervisory approval.

Management's response: Management will consider direct supervisors approving attendance records.

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

Performance: Obtained cumulative leave records and observed that any leave accrued or taken during selected pay period is included. It was noted that no leave was accrued or taken during the pay period for the selected employees.

Exceptions: Not applicable.

Management's response: Not applicable.

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

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

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

Exceptions: Not applicable.

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: It was noted that the first quarter report for retirement contributions was not filed by the required deadline incurring a late fee of \$22.92.

Management's response: Management will ensure that retirement contributions are submitted by the required deadline.

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

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

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

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

Exceptions: An ethics course completion certificate was not obtained for one of the employees.

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

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

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

Management's response: Management will consider preparing an ethics policy for all employees to sign annually.

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

21. Prior year testing resulted in no exceptions related to contracts. Therefore, testing was not required in the current year.

**Other procedures performed on the District:**

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.