

***TERREBONNE PARISH RECREATION
DISTRICT NO. 2/3
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2018***

TERREBONNE PARISH RECREATION DISTRICT NO. 2/3
ANNUAL FINANCIAL REPORT
As of and for the Year Ended December 31, 2018

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TERREBONNE PARISH RECREATION DISTRICT NO. 2/3
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2018

This discussion and analysis of the Terrebonne Parish Recreation District No. 2/3 (the District)'s financial performance provides a narrative overview of the financial activities as of and for the fiscal year ended December 31, 2018. Please read it in conjunction with the basic financial statements and the accompanying notes to the financial statements.

FINANCIAL HIGHLIGHTS

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

- The net position increased because of this year's operations - by \$343,539 approximately 3%. At the end of the year assets exceeded liabilities by \$11,801,855 (net position).
- During the year, expenses for recreational programs and facility upkeep were \$1,022,212, an increase of approximately 10% from the prior year. Revenues generated from these programs were \$41,431. General revenues of ad valorem taxes and revenue sharing decreased by 1% from the prior year and were \$1,324,320.
- The General Fund reported an ending fund balance of \$2,603,605 for recreation operations. All of the balance is considered unassigned and available for future operations.

USING THIS ANNUAL REPORT

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

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

TERREBONNE PARISH RECREATION DISTRICT NO. 2/3
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2018

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

TERREBONNE PARISH RECREATION DISTRICT NO. 2/3
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2018

FINANCIAL ANALYSIS AS A WHOLE (GWFS)

Net position increased approximately 3%. Net invested in capital assets—absorbed most of the increase this year. The balance in net position represents the accumulated results of all past years' operations.

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

	Condensed Statement of Net Position		Dollar
	2017	2018	Change
Current and Other Assets	\$4,399,530	\$3,980,888	(\$418,642)
Capital Assets	8,611,383	9,198,250	586,867
Total Assets	13,010,913	13,179,138	168,225
Current Liabilities	153,433	28,989	(124,444)
Deferred Inflows	1,199,164	1,348,294	149,130
Net Invested in Capital Assets	8,611,383	9,198,250	586,867
Unrestricted	3,046,933	2,603,605	(443,328)
Total Net Position	\$11,658,316	\$11,801,855	\$ 143,539

Program expenses increased by 10% while program revenues decreased significantly by almost \$2 million. In the prior year the District was reimbursed by TPCG for construction costs for the new complex and the LWCF Grant from the State that was not so in the current year. General revenues for the governmental activities decreased slightly by 1%.

	Condensed Statement of Activities		Dollar
	2017	2018	Change
Total program expenses	\$ (927,404)	\$ (1,022,212)	\$ 94,808
Total program revenues	1,942,695	41,431	(1,901,264)
Net program income	1,015,291	(980,781)	(1,996,072)
General revenues	1,334,391	1,324,320	(10,071)
Change in Net Position	2,349,682	343,539	(2,006,143)
Net Position:			
Beginning of the year, restated	9,308,634	11,458,316	2,149,682
End of the year	\$ 11,658,316	\$ 11,801,855	\$ 143,539

TERREBONNE PARISH RECREATION DISTRICT NO. 2/3
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2018

FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS (FFS)

The District uses funds to help it control and manage money for particular purposes. Looking at individual funds helps you consider whether the District is being accountable for the resources provided to it but may also give you more insight into the overall financial health.

The General Fund reported an ending fund balance of \$2,603,605. Total revenues for governmental funds were \$1,365,751, a decrease from the prior year of over 50% mainly due to the TPCG Reimbursements and the LWCF Grant from the State for the new complex recorded in the prior year.

Current expenditures for recreation activities were \$641,574, a decrease of 12% from the prior year. Capital outlay equaled \$967,505 for additions of facilities and improvements and equipment and furniture.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget for the General Fund was amended during the year. The District had a 52% unfavorable expenditure budget – due mainly to amending the budget to reduce capital outlay at the end of the year and consequently was not in compliance with the State Budget Law. A summary of the increases and decreases from the original budget follows:

Original budgeted revenues	\$ 1,251,000
Amendments were made for:	
Increased Concession Sales	9,000
Decrease in Miscellaneous	(5,000)
Total amendments	4,000
Amended budgeted revenues	<u>\$1,255,000</u>
Original budgeted expenditures	\$ 1,767,200
Amendments were made for:	
Increase in personal services and benefits	51,300
Decreased supplies & materials	(28,900)
Increase in Other Services and Charges	203,400
Increase in Repairs & Maintenance	1,500
Decreased capital outlay	(937,900)
Total amendments	(710,600)
Amended budgeted expenditures	<u>\$1,056,600</u>

TERREBONNE PARISH RECREATION DISTRICT NO. 2/3
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2018

CAPITAL ASSETS

A summary of capital assets follows:

	Beginning Balance	Ending Balance
NON-DEPRECIABLE ASSETS		
Land	\$285,555	\$285,555
Construction in Progress	517,554	1,454,117
Total Non-Depreciable Assets	803,109	1,739,672
DEPRECIABLE ASSETS:		
Facilities & Improvements	8,942,240	8,958,802
Equipment & Furniture	596,419	610,800
Vehicles	32,846	32,846
Total Cost of depreciable assets	9,571,505	9,602,448
Total Cost of assets	10,374,614	11,342,120
Total accumulated depreciation	1,763,232	2,143,869
Net depreciable assets	\$7,808,273	\$7,458,578
Net capital assets	\$8,611,382	\$9,198,250

This year there was \$967,505 of additions of improvements, vehicles, and equipment purchases and \$936,563 of this is in construction in progress. Depreciation of \$380,636 was recorded on capital assets in the governmental activities. More detailed information about the capital assets is presented in Note 4 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Highlights of next year's budget follows:

Condensed Summary of Budgeted Finances	
	2019
Anticipated revenues	\$ 1,208,100
Expenditures:	
Current	576,655
Capital outlay	1,201,028
Anticipated expenditures	1,777,683
Net change in fund balance	(569,583)

TERREBONNE PARISH RECREATION DISTRICT NO. 2/3
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2018

Fund Balance:

Beginning of the year	<u>3,172,696</u>
End of the year	<u><u>\$ 2,603,113</u></u>

CONTACTING FINANCIAL MANAGEMENT

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

Board of Commissioners
412 Westview Drive
Houma, LA 70364
Phone number 985-868-7321

FINANCIAL SECTION



STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

To the Commissioners of
Terrebonne Parish Recreation District No. 2/3
Houma, LA

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Terrebonne Parish Recreation District No. 2/3, a component unit of Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 2018, and the notes to the financial statements, which collectively comprise the basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit includes performing procedures to obtain audit evidence supporting the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluation the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund as of December 31, 2018 and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Required Supplementary Information

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



Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The Schedule of Compensation, Benefits and Other Payments to Agency Head are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

These schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation, Benefits and Other Payments to Agency Head are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated May 26, 2019, on our consideration of the internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance.

Stagni & Company

Thibodaux, Louisiana
May 26, 2019



TERREBONNE PARISH RECREATION DISTRICT NO. 2/3

Statement of Net Position

December 31, 2018

ASSETS

Cash	\$ 2,795,031
Ad Valorem taxes receivable	343,010
Due from other governments	840,662
Other	2,185
Capital Assets, net of accumulated depreciation	9,198,250
TOTAL ASSETS	13,179,138

LIABILITIES, DEFERRED INFLOWS AND NET POSITION

Liabilities:

Accounts payable	28,989
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Deferred Inflows of Resources-

Property taxes - subsequent year	1,348,294
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Net Position:

Net Invested in capital assets	9,198,250
Unrestricted	2,603,605
<i>Total net position</i>	<u>\$ 11,801,855</u>

See notes to financial statements.

TERREBONNE PARISH RECREATION DISTRICT NO. 2/3

Statement of Activities - Governmental Activities
For the Year Ended December 31, 2018

FUNCTIONS/PROGRAMS	Expenses	Program Revenue		Net (Expense) Revenue
		Charges for services	Operating & Capital Grants	
Recreational activities:	\$ 1,022,212	\$ 41,431	\$ -	\$ (980,781)
Total governmental activities	<u>\$ 1,022,212</u>	<u>\$ 41,431</u>	<u>\$ -</u>	<u>(980,781)</u>

GENERAL REVENUES

Ad valorem taxes	1,280,550
State revenue sharing	31,148
Interest	1,795
Miscellaneous	<u>10,827</u>
<i>Total General Revenues</i>	<u>1,324,320</u>

Change in Net Position 343,539

NET POSITION:

Beginning of year, restated	11,458,316
End of year	<u><u>\$ 11,801,855</u></u>

See notes to the financial statements.

TERREBONNE PARISH RECREATION DISTRICT NO. 2/3

Balance Sheet - Governmental Fund - General Fund

December 31, 2018

ASSETS

Cash	\$ 2,795,031
Ad Valorem taxes receivable	343,010
Due from other governments	840,662
Meter deposits	2,185
TOTAL ASSETS	<u>\$ 3,980,888</u>

LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE

Liabilities -

Accounts payable	\$ 28,989
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Deferred Inflows of Resources -

Property taxes - subsequent period	1,348,294
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Fund balances:

Unassigned	2,603,605
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RECONCILIATION TO STATEMENT OF NET POSITION:

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

Add - Capital Assets-Nondepreciable	1,739,672	
Add - Capital Assets-Depreciable	9,602,447	
Deduct - Accumulated Depreciation	<u>(2,143,869)</u>	9,198,250
Net assets of governmental activities		<u>\$ 11,801,855</u>

See notes to financial statements.

TERREBONNE PARISH RECREATION DISTRICT NO. 2/3

Statement of Revenues, Expenditures, and Changes
in Fund Balances - Governmental Fund - General Fund
For the Year Ended December 31, 2018

REVENUES

Ad Valorem Taxes	\$ 1,280,550
State Revenue Sharing	31,148
Concession Sales	41,431
Interest	1,795
Miscellaneous	10,827
TOTAL REVENUES	<u>1,365,751</u>

EXPENDITURES

Recreational - current:

Personal services and benefits	336,592
Supplies & materials	58,337
Other services & charges	208,814
Repairs & Maintenance	37,831
<i>Total current</i>	<u>641,574</u>

Capital Outlay

TOTAL EXPENDITURES	<u>967,505</u>
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NET CHANGE IN FUND BALANCES

	<u>1,609,079</u>
	<u>(243,328)</u>

FUND BALANCES:

Beginning of year, restated	2,846,933
End of year	<u><u>\$2,603,605</u></u>

RECONCILIATION TO THE STATEMENT OF ACTIVITIES:

Net change in fund balances per above \$ (243,328)

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

Add - Capital outlay	\$ 967,505	
Miscellaneous adjustment to assets	(2)	
Deduct - Depreciation expense	<u>(380,636)</u>	586,867
Change in net assets - governmental activities		<u><u>\$ 343,539</u></u>

See notes to financial statements.

TERREBONNE PARISH RECREATION DISTRICT NO. 2/3

Notes to the Financial Statements
For the Year Ended December 31, 2018

Terrebonne Parish Recreation District No. 2/3 (the District) is governed by a Board of Commissioners appointed by the Terrebonne Parish Consolidated Government organized under La. Revised Statute 33:4562 (A). The District provides for the construction, improvement, maintenance, and operations of recreation facilities within the boundaries of Recreation District No. 2/3, including the purchase of equipment therefore.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

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

B. Reporting Entity

As the governing authority, the Terrebonne Parish Consolidated Government is the financial reporting entity for Terrebonne Parish. Because the Terrebonne Parish Consolidated Government could by definition in statute be financially burdened by the Terrebonne Parish Recreation District No. 2/3, the District was determined to be a component unit of the Terrebonne Parish Consolidated Government. The accompanying financial statements present information only on the funds maintained by the District and its component unit and do not present information on the Terrebonne Parish Consolidated Government, the general government services provided by that governmental unit, or the other governmental reporting entity.

The accompanying financial statements will be included in the comprehensive annual financial report (CAFR) of the Parish for the year ending December 31, 2018.

C. Fund Accounting

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

TERREBONNE PARISH RECREATION DISTRICT NO. 2/3

Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Governmental Fund Type

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

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

D. Measurement Focus / Basis of Accounting

Fund Financial Statements (FFS)

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

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

Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The court considers all revenues available if they are collected within 60 days after the fiscal year end.

TERREBONNE PARISH RECREATION DISTRICT NO. 2/3

Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

D. Measurement Focus / Basis of Accounting (continued)

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

Revenues – Ad valorem taxes and the related state revenue sharing are recorded as revenue in the period for which levied, thus the 2017 property taxes which were levied to finance the 2018 budget are recognized as revenue in 2018. The 2018 tax levy is recorded as deferred revenue in the current financial statements. Charges for services are recorded when earned since they are measurable and available. Miscellaneous revenues are recorded as revenues when received in cash by the District because they are generally not measurable or available until actually received.

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

Government-Wide Financial Statements (GWFS)

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

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

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

TERREBONNE PARISH RECREATION DISTRICT NO. 2/3

Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

E. Use of Estimates

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

F. Operating Budgets

As required by Louisiana Revised Statutes, The Board of Commissioners adopted a budget for the District's General Fund. The Board, as allowed by state law, does not obtain public participation in the budget process. The Board must approve any amendment involving the transfer of monies from one function to another, or increases in expenditures. The district did amend its budget for the year ended December 31, 2018. All budgeted amounts that are not expended or obligated through contracts lapse at year-end. The General Fund budget is adopted on a basis materially consistent with accounting principles generally accepted in the United States of America.

G. Cash and Investments

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

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

H. Receivables

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

TERREBONNE PARISH RECREATION DISTRICT NO. 2/3

Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

I. Capital Assets

In the government-wide financial statements, additions, improvements and other capital outlays that significantly extend the useful life of an asset are recorded and depreciated (capitalized). Capital assets purchased or acquired with an original cost of \$1000 or more are valued at historical cost or estimated if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. Other costs incurred for repairs and maintenance 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 Assets. All capital assets, other than land, are depreciated using the straight-line method over the following estimated useful lives:

CATEGORY	LIFE
BUILDINGS AND IMPROVEMENTS	10-40 YEARS
IMPROVEMENTS, OTHER THAN BUILDINGS	5-30 YEARS
EQUIPMENT & FURNITURE	5-20 YEARS
VEHICLES	5 YEARS

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

J. Vacation and Sick Leave

Accumulated vacation and sick leave are recorded as expenditures of the period in which paid. Employees earn between 96 to 136 hours of vacation leave, depending on the length of employment. Accumulated vacation leave is due to the employee at the time of termination or death. The vacation policy provides that employees are to take vacation within one year of being earned, with no carry forward provisions.

Employees earn 56 hours sick leave per year. Unused sick leave cannot be carried forward to future years. There is no material unpaid vacation and sick leave at year-end.

TERREBONNE PARISH RECREATION DISTRICT NO. 2/3

Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

K. Fund Equity

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

- Invested in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets, if any.
- Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

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

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

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

TERREBONNE PARISH RECREATION DISTRICT NO. 2/3

Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 DEPOSITS

A summary of deposits are listed as follows:

	Bank Balance	Reported Amount
TOTAL DEPOSITS	\$3,374,564	\$2,795,031

State law requires that deposits (cash and certificates of deposit) of all political subdivisions to be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the securities purchased and pledged to the political subdivision.

Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished, as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision. Under the provision of GASB, pledged securities, which are not in the name of the governmental unit, are considered uncollateralized.

Custodial credit risk is the risk that in the event of a bank failure, deposits may not be returned to it. The District has a written policy for custodial credit risk. As of year-end \$3,124,564 of the bank balance of deposits was exposed to custodial credit risk. These deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name. The District has pledged securities adequate to secure this risk.

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

TERREBONNE PARISH RECREATION DISTRICT NO. 2/3

Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 3 AD VALOREM TAXES

Property taxes are levied each November 1 on the assessed value listed as of the prior January 1 for all real property, merchandise and movable property located in the Parish. 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. The tax rate for the 2017 levy, for the 2018 revenue was recorded was 5.000 mills of assessed valuation on property within the District for the purpose of constructing, maintaining and operating recreation facilities within the District.

Taxes levied in November 2018 are for budgeted expenditures in 2019 and will be recognized as revenues in 2019 and are therefore classified as unearned and deferred revenue on the balance sheet.

Note 4 CAPITAL ASSETS

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

	Beginning Balance	Additions	Adjustment	Ending Balance
NON-DEPRECIABLE ASSETS				
Land	\$ 285,555	\$ -	\$ -	\$ 285,555
Construction in Progress	517,554	936,563	-	1,454,117
Total Non-Depreciable Assets	803,109	936,563	-	1,739,672
DEPRECIABLE ASSETS:				
Facilities & Improvements	8,942,240	16,562	-	8,958,802
Equipment & Furniture	596,419	14,380	-	610,799
Vehicles	32,846	-	-	32,846
Total Cost of depreciable assets	9,571,506	30,942	-	9,602,447
Total Cost of assets	10,374,615	967,505	-	11,342,119
ACCUMULATED DEPRECIATION				
Facilities & Improvements	1,470,900	324,142	-	1,795,041
Equipment & Furniture	267,631	51,065	-	318,696
Vehicles	24,701	5,429	-	30,130
Total accumulated depreciation	1,763,232	380,636	-	2,143,869
Net depreciable assets	\$7,808,274			\$7,458,578
Net capital assets	\$8,611,383			\$9,198,250

TERREBONNE PARISH RECREATION DISTRICT NO. 2/3

Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 4 CAPITAL ASSETS (continued)

Depreciation Expense of \$380,636 was recorded in the governmental activities. Total additions to capital assets were \$967,505, including \$936,563 in construction in progress.

Note 5 INTERGOVERNMENTAL AGREEMENT - TPCG

The District executed a cooperative endeavor agreement with the Terrebonne Parish Consolidated Government (TPCG) on April 15, 2015 to provide supplemental funding for the various phases of construction of the Bayou Country Sports Park. The goal of creating the multi-purpose sports complex included TPCG's purchase of certain parcels for the proposed approximately 114.06-acre site, of which TPCG will grant right of use to the District if the District maintains the property and implements the Master Plan, as may be amended.

The supplemental funding for the various phases of construction was for an amount not to exceed the dedicated 1% Hotel Motel Tax and/or related bond proceeds approved in the Parish adopted budget and/or budget amendments.

Note 6 DUE FROM OTHER GOVERNMENTS

Amounts due from other governmental units consisted of the following:

Tax Collector-taxes collected but not yet remitted	\$830,298
State of Louisiana-Facility Planning & Control	<u>10,364</u>
Total	<u><u>\$ 840,662</u></u>

TERREBONNE PARISH RECREATION DISTRICT NO. 2/3

Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 7 RISK MANAGEMENT

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

Note 8 COMPENSATION OF BOARD MEMBERS

There was not compensation paid to Board Members for the year.

Note 9 RESTATEMENT OF FUND BALANCE AND NET POSITION

Beginning net position for the governmental activities in the GWFS and fund balance in the FFS was decreased by \$200,000 for a receivable that was set up in the prior year from TPCG for funding expected for a project at the Sports Complex. The funding was put towards the cost at the Parish level and therefore will not be transferred to the District.

***REQUIRED SUPPLEMENTAL
INFORMATION***

TERREBONNE PARISH RECREATION DISTRICT NO. 2/3

Budget Comparison Schedule - General Fund
For the Year Ended December 31, 2018

	Budgets			Fav (Unfav)
	Original	Final	Actual	Variance
REVENUES				
Ad Valorem Taxes	\$1,190,000	\$1,190,000	\$1,280,550	\$ 90,550
State Revenue Sharing	20,000	20,000	31,148	11,148
Concession Sales	30,000	39,000	41,431	2,431
Interest	1,000	1,000	1,795	795
Miscellaneous	10,000	5,000	10,827	5,827
TOTAL REVENUES	<u>1,251,000</u>	<u>1,255,000</u>	<u>1,365,751</u>	<u>110,751</u>
Recreational - current:				
Personal services and benefits	176,200	227,500	336,592	(109,092)
Supplies & materials	111,000	82,100	58,337	23,763
Other services & charges	161,500	364,900	208,814	156,086
Repairs & Maintenance	126,000	127,500	37,831	89,669
	<u>574,700</u>	<u>802,000</u>	<u>641,574</u>	<u>160,426</u>
Capital outlay	1,192,500	254,600	967,505	(712,905)
TOTAL EXPENDITURES	<u>1,767,200</u>	<u>1,056,600</u>	<u>1,609,079</u>	<u>(552,479)</u>
Revenue over (under) expenditures	(516,200)	198,400	(243,328)	(441,728)
FUND BALANCES				
Beginning of year	3,046,933	3,046,933	2,846,933	(200,000)
End of year	<u>\$ 2,530,733</u>	<u>\$ 3,245,333</u>	<u>\$ 2,603,605</u>	<u>\$ (641,728)</u>

OTHER INFORMATION

TERREBONNE PARISH RECREATION DISTRICT NO. 2/3
Schedule of Compensation, Benefits and Other Payments to Agency Head
For the Year Ended December 31, 2018

Agency Head Name: MICHAEL BERGERON, CHAIRMAN OF THE BOARD

Purpose	Amount
Salary	\$0
Supplemental Pay	\$0
Benefits-insurance	\$0
Benefits-retirement	\$0
Deferred compensation (contributions made by the agency)	\$0
Benefits-other (describe)	\$0
Car allowance	\$0
Vehicle provided by government (enter amount reported on W-2 adjusted for various fiscal years)	\$0
Cell phone	\$0
Dues	\$0
Vehicle rental	\$0
Per diem	\$0
Reimbursements	\$0
Travel	\$0
Registration fees	\$0
Conference travel	\$0
Housing	\$0
Unvouchered expenses (expample: travel advances, etc.)	\$0
Special meals	\$0
Other (including payments made by other parties on behalf of the agency head)	\$0

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

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



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CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

**Independent Auditor's Report on Internal Control over Financial Reporting and on
Compliance and Other Matters based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

To the Commissioners of
Terrebonne Parish Recreation District No. 2/3
Houma, LA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Terrebonne Parish Recreation District No. 2/3, a component unit of Terrebonne Parish Consolidated Government as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents and have issued our report thereon dated May 26, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of current year findings as item 2017-1.

Response to Findings

The response to the finding identified in our audit is described in the accompanying schedule of current year findings and was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Stagni & Company

May 26, 2019
Thibodaux, Louisiana



TERREBONNE PARISH RECREATION DISTRICT NO. 2/3
Schedule of Current Year Findings
For the Year Ended December 31, 2018

Section I - Summary of Auditor's Reports

- The auditor's report expresses an unmodified opinion on the basic financial statements.
- No deficiencies in internal control over financial reporting were disclosed during the audit of the financial statements.
- One instances of noncompliance or other matters under *Government Auditing Standards* were disclosed during the audit of the financial statements described as item 2017-1 below.
- There was no management letter issued in connection with this report.
- The District neither received nor expended any federal awards during the year.

Section II - Financial Statement Findings

FINDING # **2017-1**

DESCRIPTIVE CAPTION **Budgeting**

- **Criteria or specific requirement:**

The Local Government Budget Act (R.S. 39:1311) requires notification and a budget amendment when actual receipts plus projected revenue collections for the year fail to meet budgeted revenues by five percent or more, or when actual expenditures plus projected expenditures to year end exceeded budgeted expenditures by five percent or more.

- **Condition found:**

At the end of the year total expenditures were \$552,479 or 52% underbudgeted.

- **Cause:**

In the original budget for 2018 that the Board adopted was amended to reflect a decrease \$937,900 to the capital outlay in the budget.

- **Effect:**

The total unfavorable expenditure budget was 52%, which was a violation of the Local Budget Act.



- **Questioned costs:**

None

- **Recommendations:**

The Board should monitor the budget variances before amending the budget.

- **Management's Response:**

We amended the budget to what we expected the capital expenditures to be, however, the expenditures – due to year end accruals and expenditures not expected to be recorded until the next year – when properly recorded caused the large unfavorable budget variance.



TERREBONNE PARISH RECREATION DISTRICT 2/3

Status of Prior Audit Findings For the Year Ended December 31, 2018

<u>Reference Number</u>	<u>Title of Finding</u>	<u>Description of Finding</u>	
<i>Section I - Internal Control and Compliance Material to the Financial Statements:</i>			
2017-1	Budgeting	<i>At the end of the year total expenditures were \$888,870 or 145% underbudgeted.</i>	Not resolved
2017-2	Louisiana Compliance Questionnaire	<i>The 2017 questionnaire was not adopted by the governing body by means of a formal resolution in an open meeting.</i>	Resolved
2017-3	Delinquent Filing of Audit Report	<i>The District did not file the audit report by the required deadline of June 30, 2018.</i>	Resolved
<i>Section II - Internal Control and Compliance Material to Federal Awards:</i>			
NO FINDINGS TO FOLLOW UP			
<i>Section III - Management Letter:</i>			
NO FINDINGS TO FOLLOW UP			



***TERREBONNE PARISH
RECREATION DISTRICT 2/3
Statewide Agreed Upon
Procedures Report
With Schedule of Findings
and Management's Responses***

***As of and for the Year Ending
December 31, 2018***



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CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

AGREED-UPON PROCEDURES REPORT

Terrebonne Parish Recreation District No. 2 & 3

Independent Accountant's Report
On Applying Agreed-Upon Procedures

For the Period January 1, 2018 – December 31, 2018

To the Board Members of Terrebonne Parish Recreation
District No. 2 & 3 and Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Terrebonne Parish Recreation District No. 2 & 3 and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2018 through December 31, 2018. Management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated results are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) **Disbursements**, including processing, reviewing, and approving
 - d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the

completeness of all collections for 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).

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

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

- *The policy for 1(f) contracting does not address the legal review.*

Management's Response: *Management and the Board will consider revising the policy to include the legal review of contracts before initiated.*

Board or Finance Committee

- 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, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, 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. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*



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- c) For governmental entities, 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.

Results: *The Board met monthly. The minutes did not reference or include monthly budget-to-actual comparisons.*

Management's Response: *The Board does approve the monthly financial statements presented at each monthly meeting. For future meetings the financial statements will noted the review of the budget to actual comparisons.*

Bank Reconciliations

- 3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
 - 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);
 - b) Bank reconciliations include evidence that a member of management/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
 - 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, if applicable.

Results: *The bank reconciliations that were reviewed did not include evidence (initialed and dated) that a member of management/board member who does not handle cash, post ledgers, or issue checks reviewed the bank reconciliations. There was no evidence reflecting that outstanding items more than 12 months old had not been researched.*

Management's Response: *A member of the board will initial and date monthly bank reconciliations. All outstanding items more than 12 months old will be researched as to proper disposition.*

Collections

- 4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- 5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 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:

- a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - 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.
 - 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.
6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
- a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - 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).
 - e) Trace the actual deposit per the bank statement to the general ledger.

Results: *No exceptions were noted as a result of these procedures. All criteria were met without exception.*

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. Randomly select 5 locations (or all locations if less than 5).
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 agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:



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- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - 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.
 - 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.
10. For each location selected under #8 above, obtain the entity'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:
- a) Observe that the disbursement matched the related original invoice/billing statement.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Results: *No exceptions were noted as a result of these procedures. All criteria were met without exception.*

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.
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. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly 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. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.)]
 - b) Observe that finance charges and late fees were not assessed on the selected 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). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).



Results: *No exceptions were noted as a result of these procedures. All criteria were met without exception.*

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly 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:
- 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).
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - 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 (procedure #1h).
 - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: *No exceptions were noted as a result of these procedures. All criteria were met without exception.*

Contracts

15. Obtain from management 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. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- 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.
 - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
 - c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
 - 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.

Results: *No exceptions were noted as a result of these procedures. All criteria were met without exception.*



STAGNI & COMPANY, LLC

Payroll and Personnel

16. Obtain a listing of employees/elected officials employed 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.
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.)
 - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
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.
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.

Results: *No exceptions were noted as a result of these procedures. All criteria were met without exception.*

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
 - a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Results: *We tested 5 employees/officials for compliance with the required one hour of ethics training. One out of 5 tested did not have evidence of having taken the training. None of the 5 tested had documentation attested through signature verification that he or she had read the ethics policy.*



Managements Response: *The Board will encourage and designate someone to monitor adherence with their policy which includes compliance with the required one hour of ethics training and signature verification that he or she read the ethics policy during the fiscal period.*

Debt Service

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

Results: *These procedures are not applicable. The District has no debt.*

Other

23. Obtain a listing of misappropriations of public funds and 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 entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results: *No exceptions were noted as a result of these procedures. All criteria were met without exception.*

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

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Stagni & Company

Thibodaux, LA
May 26, 2019



STAGNI & COMPANY, LLC
