

**TERREBONNE PARISH RECREATION
DISTRICT NO. 7**

ANNUAL FINANCIAL REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2020**

TERREBONNE PARISH RECREATION DISTRICT NO. 7
ANNUAL FINANCIAL REPORT
As of and for the Year Ended December 31, 2020

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TERREBONNE PARISH RECREATION DISTRICT NO. 7
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2020

This discussion and analysis of the Terrebonne Parish Recreation District No. 7 (the District)'s financial performance provides a narrative overview of the financial activities as of and for the fiscal year ended December 31, 2020. 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 decreased slightly by over 2% because of this year's operations. Net position of our governmental activities decreased by \$59,769. At the end of the year assets exceeded liabilities by \$2,658,623 (net position).
- During the year, expenses for recreational programs and facility upkeep were \$535,241, a decrease from the prior year of over \$50,000 or 9%. Revenues generated from these programs were \$10,901, a significant decrease from the prior year due to programs cancelled for the COVID pandemic. General revenues were \$518,742, also a decrease from the prior year.
- The governmental funds ended the year with a total fund balance of \$1,332,001 – of that \$600,000 for capital reserve was committed by the Board for in the next year's budget and all of the remaining is considered unassigned.

USING THIS ANNUAL REPORT

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

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

TERREBONNE PARISH RECREATION DISTRICT NO. 7
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2020

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

TERREBONNE PARISH RECREATION DISTRICT NO. 7
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2020

GOVERNMENT-WIDE FINANCIAL ANALYSIS (GWFS)

The net position of all recreational activities decreased by over 2% because of this year's operations. A large portion of the net position (50%) is invested in capital assets, and consequently, these assets are not available for future spending. Unrestricted net assets—the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements—decreased during this year by 20%. The balance in net assets 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 | | Increase |
|--------------------------------|-------------------------------------|--------------------|--------------------|
| | 2019 | 2020 | (Decrease) |
| Current and Other Assets | \$2,223,119 | \$1,949,053 | \$ (274,066) |
| Capital Assets | 1,034,922 | 1,326,622 | 291,700 |
| Total Assets | 3,258,041 | 3,275,675 | 17,634 |
| Liabilities | - | 60,290 | 60,290 |
| Deferred Inflows | 544,649 | 556,762 | 12,113 |
| Net Invested in Capital Assets | 1,034,922 | 1,326,622 | 291,700 |
| Unrestricted | 1,678,470 | 1,332,001 | (346,469) |
| Total Net Position | \$2,713,392 | \$2,658,623 | \$ (54,769) |

Current assets decreased mainly due to the decrease in cash due to operations. Capital assets increased for improvements completed that were in progress in the prior year, and purchases of machinery and equipment. Additional accruals incurred at the end of the year accounted for the increase in liabilities.

Program expenses for programs and facility maintenance decreased from the prior year. COVID-19 restrictions caused programs to be altered and, in some cases, cancelled. Net program income (deficit) decreased also due to the Pandemic and in the prior year FEMA income of \$83,292 was recognized. General revenues – mainly ad valorem tax revenue decreased by \$149,210.

TERREBONNE PARISH RECREATION DISTRICT NO. 7
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2020

Key elements of this increase are as follows:

| | Condensed Statement of Activities | | Increase |
|------------------------------------|-----------------------------------|--------------------|--------------------|
| | 2019 | 2020 | (Decrease) |
| Total program expenses | \$ (589,194) | \$ (535,241) | \$ (53,953) |
| Total program revenues | 129,260 | 10,901 | (118,359) |
| Net program income | (459,934) | (524,340) | (64,406) |
| General revenues | 667,952 | 518,742 | (149,210) |
| Change in Net Position | 208,018 | (5,598) | (213,616) |
| Net Position: | | | |
| Beginning of the year, restated | 2,510,374 | 2,664,221 | 153,847 |
| End of the year | <u>\$2,718,392</u> | <u>\$2,658,623</u> | <u>\$ (59,769)</u> |

FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS (FFS)

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

The general fund reported an ending fund balance of \$1,332,001 of which \$600,000 is committed by the Board for capital projects and the remainder is unassigned. This reflects a decrease of \$297,296 from the prior year.

Total revenues for governmental funds were \$529,643, a decrease of over 34% from the prior year – no FEMA revenue was recognized in the current year and a decrease in recognized ad valorem tax revenue.

Current expenditures for recreation activities were \$463,449, a slight decrease from the prior year. Capital outlay equaled \$363,490 and included the capitalization of \$156,781 in construction in progress on a new pavilion and \$181,703 in progress on a new skate park.

TERREBONNE PARISH RECREATION DISTRICT NO. 7
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2020

GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget for the General Fund was revised during the year. The total revenue variance was underbudget by 12%. Revenues did not meet estimates for ad valorem tax revenue, FEMA grant revenue, and fees and rentals (probably due to COVID pandemic). Total expenditure budget variances were in compliance with the Local Government Budget Act.

CAPITAL ASSETS

A summary of capital assets follows:

| | 12/31/2020 | 12/31/2019 |
|-------------------------------------|---------------------|---------------------|
| NON-DEPRECIABLE ASSETS | | |
| Land | \$ 303,719 | \$ 303,719 |
| Construction in Progress | 181,705 | 150,783 |
| | <u>485,424</u> | <u>454,502</u> |
| DEPRECIABLE ASSETS: | | |
| Buildings & Improvements | 1,729,177 | 1,572,396 |
| Furniture | 9,559 | 9,559 |
| Equipment | 447,815 | 272,028 |
| Total Cost of depreciable assets | <u>2,186,551</u> | <u>1,853,983</u> |
| Total Cost of assets | 2,671,975 | 2,308,485 |
| ACCUMULATED DEPRECIATION | | |
| Buildings & Improvements | 1,098,080 | 1,045,597 |
| Furniture | 9,297 | 8,903 |
| Equipment | 237,976 | 219,061 |
| Total accumulated depreciation | <u>1,345,353</u> | <u>1,273,561</u> |
| Net depreciable assets | <u>\$ 841,198</u> | <u>\$ 580,422</u> |
| Net capital assets | <u>\$ 1,326,622</u> | <u>\$ 1,034,922</u> |

Capital assets, net of accumulated depreciation increased by \$291,700. This year there were \$363,490 of additions, including \$181,703 of construction in progress for a new skate park. Depreciation of \$71,792 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.

TERREBONNE PARISH RECREATION DISTRICT NO. 7
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2020

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Highlights of next year's General Fund budget include:

| Condensed Summary of Budgeted Finances | |
|---|-------------------------|
| | <u>2021</u> |
| Anticipated revenues | \$595,500 |
| Expenditures: | |
| Current | 513,725 |
| Capital outlay | <u>915,000</u> |
| Anticipated expenditures | <u>1,428,725</u> |
| Excess of revenues | (833,225) |
| Fund Balance: | |
| Beginning of the year | <u>1,408,453</u> |
| End of the year | <u><u>\$575,228</u></u> |

The Board has committed \$600,000 for capital reserve of the fund balance for capital purchases.

CONTACTING FINANCIAL MANAGEMENT

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

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

FINANCIAL SECTION



STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Terrebonne Parish Recreation District No. 7 (the District), a component unit of Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 2020, 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, 2020 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 2, 2021, 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 2, 2021



TERREBONNE PARISH RECREATION DISTRICT NO. 7

Statement of Net Position

December 31, 2020

ASSETS

| | |
|---|-------------------------|
| Cash | \$ 1,368,050 |
| Ad Valorem taxes receivable | 230,775 |
| Due from other governments | 325,987 |
| Other | 24,241 |
| Capital Assets, net of accumulated depreciation | <u>1,326,622</u> |
| TOTAL ASSETS | <u>3,275,675</u> |

LIABILITIES, DEFERRED INFLOWS AND NET POSITION

Liabilities-

| | |
|--|--------|
| Accounts payable & accrued liabilities | 60,290 |
|--|--------|

Deferred Inflows of Resources-

| | |
|----------------------------------|---------|
| Property taxes - subsequent year | 556,762 |
|----------------------------------|---------|

Net Position:

| | |
|----------------------------------|----------------------------|
| Net Invested in capital assets | 1,326,622 |
| Unrestricted | <u>1,332,001</u> |
| <i>Total Net Position</i> | <u>\$ 2,658,623</u> |

See notes to financial statements.

TERREBONNE PARISH RECREATION DISTRICT NO. 7

Statement of Activities - Governmental Activities

For the Year Ended December 31, 2020

| | <u>Expenses</u> | <u>Charges for services</u> | <u>Capital and Operating Grants</u> | <u>Net (Expense) Revenue</u> |
|-----------------------------------|-------------------|---------------------------------|---|----------------------------------|
| FUNCTIONS/PROGRAMS | | | | |
| Recreational activities: | \$ 535,241 | \$ 10,901 | \$ - | \$ (524,340) |
| Total governmental activities | <u>\$ 535,241</u> | <u>\$ 10,901</u> | <u>\$ -</u> | <u>(524,340)</u> |
| GENERAL REVENUES | | | | |
| Ad valorem taxes | | | | 508,239 |
| State revenue sharing | | | | 4,952 |
| Interest | | | | 764 |
| Miscellaneous | | | | 4,787 |
| TOTAL GENERAL REVENUES | | | | <u>518,742</u> |
| CHANGE IN NET POSITION | | | | (5,598) |
| NET POSITION: | | | | |
| Beginning of year, restated | | | | <u>2,664,221</u> |
| End of year | | | | <u><u>\$ 2,658,623</u></u> |

See notes to the financial statements.

TERREBONNE PARISH RECREATION DISTRICT NO. 7

Balance Sheet - Governmental Fund - General Fund

December 31, 2020

ASSETS

| | |
|-----------------------------|----------------------------|
| Cash | \$ 1,368,050 |
| Ad Valorem taxes receivable | 230,775 |
| Due from other governments | 325,987 |
| Prepaid assets | 24,241 |
| TOTAL ASSETS | <u>\$ 1,949,053</u> |

LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE

Liabilities

| | |
|--|-----------|
| Accounts payable & accrued liabilities | \$ 60,290 |
|--|-----------|

Deferred Inflows of Resources

| | |
|------------------------------------|---------|
| Property taxes - subsequent period | 556,762 |
|------------------------------------|---------|

Fund balance

| | |
|----------------------------------|-------------------------|
| Committed for capital projects | 600,000 |
| Unassigned | 732,001 |
| <i>Total Fund balance</i> | <u>1,332,001</u> |

RECONCILIATION TO STATEMENT OF NET POSITION:

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

| | | |
|--------------------------------------|--------------------|------------------|
| Add - Capital Assets-Non Depreciable | 485,424 | |
| Add - Capital Assets Depreciable | 2,186,551 | |
| Deduct - Accumulated Depreciation | <u>(1,345,353)</u> | <u>1,326,622</u> |

| | |
|---------------------------------------|----------------------------|
| Net assets of governmental activities | <u>\$ 2,658,623</u> |
|---------------------------------------|----------------------------|

See notes to financial statements.

TERREBONNE PARISH RECREATION DISTRICT NO. 7

Statement of Revenues, Expenditures, and Changes
in Fund Balances - Governmental Fund - General Fund
For the Year Ended December 31, 2020

REVENUES

| | |
|-----------------------|----------------|
| Ad Valorem Taxes | \$ 508,239 |
| State Revenue Sharing | 4,952 |
| Fees & Rentals | 10,901 |
| Interest | 764 |
| Miscellaneous | 4,787 |
| TOTAL REVENUES | <u>529,643</u> |

EXPENDITURES

Recreational - current:

| | |
|-------------------------------------|----------------|
| Personal services and benefits | 162,821 |
| Supplies & materials | 16,943 |
| Other services & charges | 140,962 |
| Repairs & Maintenance | 142,723 |
| <i>Total recreational - current</i> | <u>463,449</u> |

Capital Outlay

| | |
|---------------------------|----------------|
| TOTAL EXPENDITURES | <u>363,490</u> |
|---------------------------|----------------|

NET CHANGE IN FUND BALANCES

826,939
(297,296)

FUND BALANCES

| | |
|-----------------------------|--------------------|
| Beginning of year, restated | 1,629,297 |
| End of year | <u>\$1,332,001</u> |

RECONCILIATION TO THE STATEMENT OF ACTIVITIES:

Net change in fund balances per above \$ (297,296)

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 | 363,490 | |
| Deduct - Depreciation expense | <u>(71,792)</u> | 291,698 |

Change in net assets - governmental activities \$ (5,598)

TERREBONNE PARISH RECREATION DISTRICT NO. 7

Notes to the Financial Statements
For the Year Ended December 31, 2020

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

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

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

B. Reporting Entity

As the governing authority, the Terrebonne Parish Consolidated Government is the financial reporting entity for Terrebonne Parish. Because the Terrebonne Parish Consolidated Government could by definition in statute be financially burdened by the Terrebonne Parish Recreation District No. 7, the District was determined to be a component unit of the Terrebonne Parish Consolidated Government. The accompanying financial statements present information only on the funds maintained by the District and 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, 2020.

C. Fund Accounting

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

TERREBONNE PARISH RECREATION DISTRICT NO. 7

Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Governmental Fund Type

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

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

D. Measurement Focus / Basis of Accounting

Fund Financial Statements (FFS)

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

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

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

TERREBONNE PARISH RECREATION DISTRICT NO. 7

Notes to the Financial Statements
For the Year Ended December 31, 2020

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 2019 property taxes which were levied to finance the 2020 budget are recognized as revenue in 2020. The 2020 tax levy is recorded as deferred revenue in the current financial statements. Charges for services are recorded when earned since they are measurable and available. Miscellaneous revenues are recorded as revenues when received in cash by the District because they are generally not measurable or available until actually received.

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

Government-Wide Financial Statements (GWFS)

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

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

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

TERREBONNE PARISH RECREATION DISTRICT NO. 7

Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

E. Use of Estimates

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

F. Operating Budgets

As required by Louisiana Revised Statutes, The Board of Commissioners adopted a budget for the District's General Fund. The budgetary practices include public notice of the proposed budget and a public hearing on the budget prior of adoption. The Board must approve any amendment involving the transfer of monies from one function to another, or increases in expenditures. The district did amend its budget for the year ended December 31, 2020. All budgeted amounts that are not expended or obligated through contracts lapse at year-end. The General Fund budget is adopted on a basis materially consistent with accounting principles generally accepted in the United States of America.

G. Cash and Investments

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

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

H. Receivables

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

TERREBONNE PARISH RECREATION DISTRICT NO. 7

Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

I. Capital Assets

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

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. All capital assets, other than land, are depreciated using the straight-line method over the following estimated useful lives:

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

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

J. Vacation and Sick Leave

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

TERREBONNE PARISH RECREATION DISTRICT NO. 7

Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

K. Fund Equity

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

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

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

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

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

TERREBONNE PARISH RECREATION DISTRICT NO. 7

Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 2 DEPOSITS

Deposits:

A summary of deposits are listed as follows:

| | Bank Balance | Reported Amount |
|-------------|-------------------------|----------------------------|
| Cash | \$1,371,634 | \$1,368,050 |

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

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

Custodial credit risk is the risk that in the event of a bank failure, deposits may not be returned to it. The District has a written policy for custodial credit risk. As of year-end \$1,121,634 of the bank balance of deposits was exposed to custodial credit risk. These deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name. At year-end the deposits were adequately collateralized by securities held by unaffiliated banks for the account of the District.

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

TERREBONNE PARISH RECREATION DISTRICT NO. 7

Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 3 AD VALOREM TAXES

Property taxes are levied each November 1 on the assessed value listed as of the prior January 1 for all real property, merchandise and movable property located in the Parish. Assessed values are established by the Terrebonne Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A reevaluation of all property is required to be completed no less than every four years. The last reevaluation was completed for the list of January 1, 2020. Taxes are due and payable December 31 with interest being charged on payments after January 1. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which the taxes have not been paid are sold for the amount of the taxes. The tax rate for the revenue from ad valorem tax collections in the current year was 9.5 mills of assessed valuation on property within the District for the purpose of constructing, maintaining and operating recreation facilities.

Taxes levied November 2020 are for budgeted expenditures in 2021 and will be recognized as revenues in 2021.

Note 4 CAPITAL ASSETS

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

| | Beginning Balance | Additions | Deletions | Ending Balance |
|----------------------------------|----------------------|-----------|-----------|-------------------|
| NON-DEPRECIABLE ASSETS | | | | |
| Land | \$ 303,719 | \$ - | \$ - | \$ 303,719 |
| Construction in Progress | 150,783 | 187,703 | (156,781) | 181,705 |
| | 454,502 | 187,703 | (156,781) | 485,424 |
| DEPRECIABLE ASSETS: | | | | |
| Buildings & Improvements | 1,572,396 | 156,781 | - | 1,729,177 |
| Equipment & Furniture | 9,559 | - | - | 9,559 |
| Machinery & Equipment | 272,028 | 175,787 | - | 447,815 |
| Total Cost of depreciable assets | 1,853,983 | 332,568 | - | 2,186,551 |
| Total Cost of assets | 2,308,485 | 520,271 | (156,781) | 2,671,975 |

TERREBONNE PARISH RECREATION DISTRICT NO. 7

Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 4 CAPITAL ASSETS (continued)

| | Beginning Balance | Additions | Deletions | Ending Balance |
|---------------------------------|----------------------|---------------|-----------|--------------------|
| ACCUMULATED DEPRECIATION | | | | |
| Buildings & Improvements | 1,045,597 | 52,483 | - | 1,098,080 |
| Equipment & Furniture | 8,903 | 394 | - | 9,297 |
| Machinery & Equipment | 219,061 | 18,915 | - | 237,976 |
| Total accumulated depreciation | <u>1,273,561</u> | <u>71,792</u> | - | <u>1,345,353</u> |
| Net depreciable assets | <u>\$580,422</u> | | | <u>\$841,198</u> |
| Net capital assets | <u>\$1,034,922</u> | | | <u>\$1,326,622</u> |

Depreciation Expense of \$71,792 was recorded in the governmental activities.

Note 5 RISK MANAGEMENT

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

TERREBONNE PARISH RECREATION DISTRICT NO. 7

Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 6 COMPENSATION OF BOARD MEMBERS

Board members are compensated \$25 per meeting attended to a maximum of \$300. The following Board members were compensated as noted:

| | | |
|------------------|----|-------|
| Battise, Shanna | \$ | 150 |
| Duplantis, Jay | \$ | 225 |
| LeBlanc, Brian | \$ | 225 |
| Lirette, Donna | \$ | 225 |
| Robichaux, Dean | \$ | 25 |
| Soudelier, Barry | \$ | 250 |
| Tivet, Donald | \$ | 250 |
| | | <hr/> |
| | \$ | 1,350 |

Note 7 BEGINNING BALANCES - RESTATED

The beginning balance of net position in the Government-Wide Financial Statements and the beginning balance of fund balance in the Fund Financial Statements was restated for an adjustment to void outstanding checks from prior year.

| | Net Position | Fund Balance |
|--------------------|---------------------|---------------------|
| Balance 12/31/2019 | \$ 2,713,392 | \$ 1,678,470 |
| PPA | (49,171) | (49,173) |
| | <hr/> | <hr/> |
| Balance, restated | \$ 2,664,221 | \$ 1,629,297 |

***REQUIRED SUPPLEMENTAL
INFORMATION***

TERREBONNE PARISH RECREATION DISTRICT NO. 7

Budget Comparison Schedule - General Fund
For the Year Ended December 31, 2020

| | Budgets | | Actual | Variance |
|------------------------------------|-------------------|-------------------|---------------------|----------------------------|
| | Original | Final | | Favorable (Unfavorable) |
| REVENUES | | | | |
| Ad Valorem Taxes | \$544,649 | \$544,649 | \$508,239 | \$ (36,410) |
| State Revenue Sharing | 5,000 | 5,000 | 4,952 | (48) |
| FEMA | 20,000 | 20,000 | - | (20,000) |
| Fees & Rentals | 24,500 | 24,500 | 10,901 | (13,599) |
| Interest | 1,000 | 1,000 | 764 | (236) |
| Miscellaneous | 5,000 | 5,000 | 4,787 | (213) |
| TOTAL REVENUES | <u>600,149</u> | <u>600,149</u> | <u>529,643</u> | <u>(70,506)</u> |
| EXPENDITURES | | | | |
| Recreational - current: | | | | |
| Personal services and benefits | 270,025 | 270,025 | 162,821 | 107,204 |
| Supplies & materials | 42,500 | 40,500 | 16,943 | 23,557 |
| Other services & charges | 146,700 | 146,700 | 140,962 | 5,738 |
| Repairs & Maintenance | 67,000 | 67,000 | 142,723 | (75,723) |
| Total recreational - current | <u>526,225</u> | <u>524,225</u> | <u>463,449</u> | <u>60,776</u> |
| Capital expenditures | <u>945,000</u> | <u>945,000</u> | <u>363,490</u> | <u>581,510</u> |
| TOTAL EXPENDITURES | <u>1,471,225</u> | <u>1,469,225</u> | <u>826,939</u> | <u>642,286</u> |
| NET CHANGE IN FUND BALANCES | (871,076) | (869,076) | (297,296) | 571,780 |
| FUND BALANCES | | | | |
| Beginning of year, restated | 1,678,470 | 1,678,470 | 1,629,297 | (49,173) |
| End of year | <u>\$ 807,394</u> | <u>\$ 809,394</u> | <u>\$ 1,332,001</u> | <u>\$ 522,607</u> |

***OTHER
INFORMATION***

TERREBONNE PARISH RECREATION DISTRICT NO. 7
 Schedule of Compensation, Benefits and Other Payments to Agency Head
 For the Year Ended December 31, 2020

Agency Head Name: Belinda Prosperie, Director

| Purpose | Amount |
|---|---------------|
| Salary (from W-2) | \$ 50,500 |
| Benefits-insurance employer paid premium | \$ 17,014 |
| Benefits-retirement | \$ - |
| Deferred compensation (contributions made by the agency) | \$ - |
| Benefits-other (describe) | \$ - |
| Car allowance | \$ - |
| Vehicle provided by government (enter amount reported on W-2 adjusted for various fiscal years) | \$ - |
| Cell phone | \$ - |
| Dues | \$ - |
| Vehicle rental | \$ - |
| Per diem | \$ - |
| Reimbursements | \$ - |
| Travel | \$ - |
| Registration fees | \$ - |
| Conference travel | \$ - |
| Housing | \$ - |
| Unvouchered expenses (example: travel advances, etc.) | \$ - |
| Special meals | \$ - |
| Other (including payments made by other parties on behalf of the agency head) | \$ - |

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

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



STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Terrebonne Parish Recreation District No. 7, a component unit of Terrebonne Parish Consolidated Government as of and for the year ended December 31, 2020, 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 2, 2021.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Stagni & Company

Thibodaux, LA
May 2, 2021



**TERREBONNE PARISH RECREATION DISTRICT NO. 7
SCHEDULE OF CURRENT YEAR FINDINGS
For the Year Ended December 31, 2020**

We have audited the basic financial statements of the governmental activities for the year ended December 31, 2020, and the related notes to the financial statements and have issued our report thereon dated May 2, 2021. 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.

Our audit of the financial statements resulted in an unmodified opinion.

Section I Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

| | |
|--------------------------|-----------|
| Material Weaknesses | No |
| Significant Deficiencies | No |

Compliance

| | |
|---|-----------|
| Compliance Material to Financial Statements | No |
|---|-----------|

b. Federal Awards *Not applicable*

Internal Control

Material Weaknesses Yes No Reportable Conditions Yes No

Type of Opinion On Compliance Unqualified Qualified

For Major Programs Disclaimer Adverse

Are their findings required to be reported in accordance with Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Circular)?

c. Identification of Major Programs: *Not applicable*

| | |
|-----------------|--------------------------------------|
| CFDA Number (s) | Name of Federal Program (or Cluster) |
|-----------------|--------------------------------------|

Dollar threshold used to distinguish between Type A and Type B Programs: \$ ____
Is the auditee a 'low-risk' auditee, as defined by Uniform Circular

Section II Financial Statement Findings - NONE

Section III Federal Award Findings - NONE

TERREBONNE PARISH RECREATION DISTRICT NO. 7

Summary Schedule of Prior Year Findings

For the Year Ended December 31, 2020

| REFERENCE # | | CORRECTIVE ACTION |
|---|--|-------------------|
| SECTION I - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS | | |
| 2019-1 | BANK RECONCILIATIONS Errors were identified when reconciling cash to general ledger activities and required a large adjustment to balance cash. On the December 2019 bank reconciliation there were numerous outstanding checks dating back to 2012 and a deposit. | Resolved |
| SECTION II - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS | | |
| NOT APPLICABLE | | |
| SECTION III - MANAGEMENT LETTER | | |
| NONE ISSUED | | |

NOTES TO SCHEDULE:

This summary schedule includes all prior audit findings and management letter findings.

In the reference number, the first 4 digits are the year that the audit finding related to.