

Financial Report

*Terrebonne Parish Recreation District No. 11
Houma, Louisiana*

December 31, 2021

Financial Report

*Terrebonne Parish Recreation District No. 11
Houma, Louisiana*

December 31, 2021

TABLE OF CONTENTS

Terrebonne Parish Recreation District No. 11

December 31, 2021

| | <u>Page Numbers</u> |
|---|-------------------------|
| Financial Section | |
| Independent Auditor's Report | 1 - 4 |
| Management's Discussion and Analysis | 5 - 11 |
| Exhibits | |
| Financial Statements: | |
| Government-Wide and Fund Financial Statements: | |
| A - Statement of Net Position and Governmental Fund Balance Sheet | 12 |
| B - Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position | 13 |
| C - Statement of Activities and Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance | 14 |
| D - Reconciliation of the Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities | 15 |
| E - Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund | 16 |
| F - Notes to Financial Statements | 17 - 48 |

TABLE OF CONTENTS

(Continued)

| | <u>Page Numbers</u> |
|--|-------------------------|
| Required Supplementary Information Section | |
| Schedules | |
| 1 - Schedule of Changes in the District's Total OPEB Liability and Related Ratios | 49 |
| 2 - Schedule of the District's Proportionate Share of the Net Pension Liability (Asset) | 50 |
| 3 - Schedule of the District's Contributions | 51 |
| Supplementary Information | |
| 4 - Schedule of Compensation, Benefits, and Other Payments To Agency Head or Chief Executive Officer | 52 |
| Special Reports of Certified Public Accountants | |
| Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 53 - 54 |
| Schedule of Findings and Responses | 55 |
| Reports by Management | |
| Schedule of Prior Year Findings and Responses | 56 - 57 |
| Management's Corrective Action Plan | 58 |
| Statewide Agreed-Upon Procedures | |
| Independent Accountant's Report on Applying Agreed-Upon Procedures | 59 - 60 |
| 5 - Schedule of Procedure and Associated Findings of the Statewide Agreed-Upon Procedures | 61 - 78 |

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners,
Terrebonne Parish Recreation District No. 11,
Houma, Louisiana.

Opinion

We have audited the accompanying financial statements of the governmental activities and governmental funds of Terrebonne Parish Recreation District No. 11 (the "District"), a component unit of the Terrebonne Parish Consolidated Government, State of Louisiana, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the governmental funds of the District as of December 31, 2021 and the respective changes in net position and budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 5 through 11, the Schedule of Changes in the District's Total OPEB Liability and Related Ratios on page 49, the Schedule of the District's Proportionate Share of the Net pension Liability (Asset) on page 50 and the Schedule of the District Contributions on page 51 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an 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 inquires 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information on page 52 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 3, 2022 on our consideration of Terrebonne Parish Recreation District No. 11's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Bougeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
August 3, 2022.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Terrebonne Parish Recreation District No. 11

December 31, 2021

Management's Discussion and Analysis of the Terrebonne Parish Recreation District No. 11's (the "District") financial performance presents a narrative overview and analysis of the District's financial activities for the year ended December 31, 2021. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2021 by \$5,861,583 (net position), which represents a -2.72% decrease from last fiscal year.

The District's revenue increased \$94,205 (or 6.63%)

The District's expenses increased \$305,012 (or 22.22%) primarily due to impairment losses from Hurricane Ida.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Government-Wide Financial Statements

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

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Government-Wide Financial Statements (Continued)

net positions are reported as soon as the underlying event giving rise to the change occurs regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. The governmental activity of the District is culture and recreation.

Fund Financial Statements

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

Governmental Funds

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

The District maintains three governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance for the General Fund, Debt Service Fund, and Capital Projects Fund. The District adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. The governmental fund financial statements can be found on pages 12 through 16 of this report.

Notes to the Financial Statements

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. As of December 31, 2021, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$5,861,583.

A net decrease in capital assets of \$720,078 is the result of depreciation and impairments exceeding the cost of capital asset additions. Current and other assets increased as a result of increases in ad valorem taxes assessed and collected. Deferred outflows of resources are related to pensions and other postemployment benefits.

The liabilities associated with the District are accounts payable and accrued expenditures, due to Terrebonne Parish Consolidated Government and long-term obligations. Long-term obligations consist of limited tax certificates payable and other postemployment benefits. Deferred inflows of resources include unavailable revenue related to ad valorem taxes assessed in 2021 which will be recognized as revenue in 2022, pensions and other postemployment benefits.

Condensed Statements of Net Position

| | <u>December 31,</u> | | <u>Dollar</u> | <u>Total</u> |
|---|---------------------|---------------------|---------------------|----------------|
| | <u>2021</u> | <u>2020</u> | <u>Change</u> | <u>Percent</u> |
| | | | | <u>Change</u> |
| Current and other assets | \$ 3,650,112 | \$ 3,460,470 | \$ 189,642 | 5.48% |
| Capital assets | 5,385,920 | 6,105,998 | (720,078) | -11.79% |
| Deferred outflows of resources | 41,726 | 36,683 | 5,043 | 13.75% |
| Total assets and deferred outflows of resources | <u>9,077,758</u> | <u>9,603,151</u> | <u>(525,393)</u> | <u>-5.47%</u> |
| Current liabilities | 446,665 | 384,769 | 61,896 | 16.09% |
| Long-term obligations | 1,388,569 | 1,684,542 | (295,973) | -17.57% |
| Deferred inflows of resources | 1,380,941 | 1,508,472 | (127,531) | -8.45% |
| Total liabilities and deferred outflows of resources | <u>3,216,175</u> | <u>3,577,783</u> | <u>(361,608)</u> | <u>-10.11%</u> |
| Net position: | | | | |
| Net investment in capital assets | 3,760,920 | 4,180,998 | (420,078) | -10.05% |
| Restricted for debt service | 290,670 | - | 290,670 | 100.00% |
| Unrestricted | 1,809,993 | 1,844,370 | (34,377) | -1.86% |
| Total net assets | <u>\$ 5,861,583</u> | <u>\$ 6,025,368</u> | <u>\$ (163,785)</u> | <u>-2.72%</u> |

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**Governmental Activities**

Governmental activities for the year decreased the District's net position by \$163,785. Key elements of this increase are reported as follows:

Condensed Statements of Activities

| | <u>For The Year Ended</u> <u>December 31,</u> | | <u>Dollar</u> <u>Change</u> | <u>Total</u> <u>Percent</u> <u>Change</u> |
|-------------------------------------|--|---------------------|--------------------------------|---|
| | <u>2021</u> | <u>2020</u> | | |
| Revenues | | | | |
| Program revenues: | | | | |
| Charges for services | \$ 5,487 | \$ 306 | \$ 5,181 | 1693.14% |
| General revenues: | | | | |
| Taxes | 1,460,476 | 1,331,902 | 128,574 | 9.65% |
| Intergovernmental | 41,540 | 67,800 | (26,260) | -38.73% |
| Miscellaneous | 6,678 | 19,968 | (13,290) | -66.56% |
| Total revenues | <u>1,514,181</u> | <u>1,419,976</u> | <u>94,205</u> | 6.63% |
| Expenses | | | | |
| General government | 66,342 | 83,342 | (17,000) | -20.40% |
| Culture and recreation | 1,562,583 | 1,234,139 | 328,444 | 26.61% |
| Debt service | 49,041 | 55,473 | (6,432) | -11.59% |
| Total expenses | <u>1,677,966</u> | <u>1,372,954</u> | <u>305,012</u> | 22.22% |
| Increase (decrease) in net position | (163,785) | 47,022 | (210,807) | -448.32% |
| Net position | | | | |
| Beginning of year | <u>6,025,368</u> | <u>5,978,346</u> | <u>47,022</u> | 0.79% |
| End of year | <u>\$ 5,861,583</u> | <u>\$ 6,025,368</u> | <u>\$ (163,785)</u> | -2.72% |

In 2021, the District's total revenues increased \$94,205 due to increases in ad valorem tax revenues of \$128,574 resulting from increases in the assessed value of property within the District's boundaries. Also, during the year ended December 31, 2021, expenses increased by \$305,012 primarily due to impairments of capital assets damaged and destroyed as a result of Hurricane Ida.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds

The focus of the District's governmental funds are to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unrestricted fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the District's governmental funds reported an ending fund balance of \$2,177,282, an increase of \$246,987 in comparison with the prior year. The unassigned balance is available for spending at the District's discretion. The increase in fund balance restricted for debt service is to report compliance with covenants included in the Limited Tax Certificates. Assigned fund balance of \$1,664,536 is to disclose the Board intent the fund capital asset expansion projects. Unassigned fund balance of \$206,091 represent funds available for spending at the Board's discretion.

General Fund Budgetary Highlights

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

Revenues

- Increased taxes by \$226,000 to better approximate tax collections.
- All other revenue sources remained constant with the original budget.

Expenditures

- All expenditures remained constant with the original budget.

During the year, actual revenues and expenditures exceeded budgetary estimates.

CAPITAL ASSETS AND DEBT ADMINISTRATION**Capital Assets**

The District's capital assets for its governmental activities as of December 31, 2021, amounts to \$5,385,920 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, furniture and fixtures, and vehicles as follows:

| | <u>2021</u> | <u>2020</u> |
|-----------------------------------|---------------------|----------------------|
| Land | \$ 175,021 | \$ 175,021 |
| Buildings | 5,241,382 | 6,055,559 |
| Improvements other than buildings | 2,571,960 | 2,944,862 |
| Machinery and equipment | 661,101 | 861,885 |
| Furniture and fixtures | 138,277 | 297,267 |
| Vehicles | <u>53,636</u> | <u>56,438</u> |
| Totals | <u>\$ 8,841,377</u> | <u>\$ 10,391,032</u> |

The District recognized impairments to all capital asset categories but the more significant impairments were to buildings, and improvements. Additional information on the District's capital assets can be found in Note 5, Exhibit F of the financial statements.

Long-Term Obligations

As of December 31, 2021, the District had \$1,693,569 in long-term obligations. This includes the District's obligations of \$1,625,000 for limited tax certificates down \$300,000 for payment made during the year. Other postemployment benefits increased by \$9,027 to \$68,569. More detailed information about the District's limited tax certificates payable and other postemployment benefits is presented in Notes 6 and 7, Exhibit F of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

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

- Ad valorem tax revenues are budgeted assuming assessed values and millage will not significantly change. State revenue sharing is expected to remain at levels consistent with prior receipts. The District does not anticipate holding a summer camp in 2022 and accordingly no revenues or expenses for summer camp are included in the budget. The District has not budgeted for receipts of Hurricane Ida insurance claim proceeds but will do so at a time when collection is assured and estimates of amounts can be completed.

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

- Operating expenditures are anticipated to remain relatively high, as many repairs are being made, some of which are capitalized, and others which fall into repair/replacement and supply functions. The Board of Commissioners continues to be cognizant of costs and attempts to implement measures to minimize costs for taxpayers of the District.
- The 2018 Limited Tax Certificates are scheduled to be paid with the District's existing millage through full maturity, which is March 1, 2026. The budget includes the required payments of principal and interest for the year ended December 31, 2022.
- Capital outlay will continue to be reviewed for the further development of the five-year outlay plan on an annual basis. Items for further consideration in the current and upcoming five years include park equipment replacement, improvements to lighting, splash parks, dog parks, exercise equipment, and continued improvements to existing facilities. Attempts will be made to decrease operating expenditures to offset these purchases where possible.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Board of Commissioners of the Terrebonne Parish Recreation District No. 11, P.O. Box 4294, Houma, Louisiana 70361.

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

Terrebonne Parish Recreation District No. 11

December 31, 2021

| | General Fund | Debt Service Fund | Capital Projects Fund | Totals | Adjustments (Exhibit B) | Statement of Net Position |
|---|---------------------|-------------------------|-----------------------------|---------------------|----------------------------|------------------------------|
| Assets | | | | | | |
| Cash and cash equivalents | \$ 331,798 | \$ 306,655 | \$ 1,664,536 | \$ 2,302,989 | \$ - | \$ 2,302,989 |
| Receivables: | | | | | | |
| Taxes | 1,209,379 | - | - | 1,209,379 | - | 1,209,379 |
| Due from other governmental units | 95,415 | - | - | 95,415 | - | 95,415 |
| Net pension asset | - | - | - | - | 42,329 | 42,329 |
| Capital assets: | | | | | | |
| Non-depreciable | - | - | - | - | 175,021 | 175,021 |
| Depreciable, net of accumulated depreciation | - | - | - | - | 5,210,899 | 5,210,899 |
| Total assets | <u>1,636,592</u> | <u>306,655</u> | <u>1,664,536</u> | <u>3,607,783</u> | <u>5,428,249</u> | <u>9,036,032</u> |
| Deferred outflows of resources: | | | | | | |
| Pensions | - | - | - | - | 21,857 | 21,857 |
| Other postemployment benefit obligations | - | - | - | - | 19,869 | 19,869 |
| Total deferred outflows of resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>41,726</u> | <u>41,726</u> |
| Total assets and deferred outflows of resources | <u>\$ 1,636,592</u> | <u>\$ 306,655</u> | <u>\$ 1,664,536</u> | <u>\$ 3,607,783</u> | <u>5,469,975</u> | <u>9,077,758</u> |
| Liabilities | | | | | | |
| Accounts payable and accrued expenditures | \$ 86,455 | \$ - | \$ - | \$ 86,455 | 15,985 | 102,440 |
| Due to Terrebonne Parish Consolidated Government | 39,225 | - | - | 39,225 | - | 39,225 |
| Long term obligations: | | | | | | |
| Due within one year | - | - | - | - | 305,000 | 305,000 |
| Due after one year | - | - | - | - | 1,388,569 | 1,388,569 |
| Total liabilities | <u>125,680</u> | <u>-</u> | <u>-</u> | <u>125,680</u> | <u>1,709,554</u> | <u>1,835,234</u> |
| Deferred inflows of resources: | | | | | | |
| Unavailable revenues - property taxes | 1,304,821 | - | - | 1,304,821 | - | 1,304,821 |
| Other postemployment benefits | - | - | - | - | 33,897 | 33,897 |
| Pensions | - | - | - | - | 42,223 | 42,223 |
| Total deferred inflows of resources | <u>1,304,821</u> | <u>-</u> | <u>-</u> | <u>1,304,821</u> | <u>76,120</u> | <u>1,380,941</u> |
| Total liabilities and deferred inflows of resources | <u>1,430,501</u> | <u>-</u> | <u>-</u> | <u>1,430,501</u> | <u>1,785,674</u> | <u>3,216,175</u> |
| Fund Balance/Net Position | | | | | | |
| Fund balance: | | | | | | |
| Restricted - debt service | - | 306,655 | - | 306,655 | (306,655) | - |
| Assigned - capital projects | - | - | 1,664,536 | 1,664,536 | (1,664,536) | - |
| Unassigned | 206,091 | - | - | 206,091 | (206,091) | - |
| Total fund balance | <u>206,091</u> | <u>306,655</u> | <u>1,664,536</u> | <u>2,177,282</u> | <u>(2,177,282)</u> | <u>-</u> |
| Total liabilities and fund balance | <u>\$ 1,636,592</u> | <u>\$ 306,655</u> | <u>\$ 1,664,536</u> | <u>\$ 3,607,783</u> | | |
| Net position: | | | | | | |
| Net investment in capital assets | | | | | 3,760,920 | 3,760,920 |
| Restricted for debt service | | | | | 290,670 | 290,670 |
| Unrestricted | | | | | 1,809,993 | 1,809,993 |
| Total net position | | | | | <u>\$ 5,861,583</u> | <u>\$ 5,861,583</u> |

See notes to financial statements.

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

Terrebonne Parish Recreation District No. 11

December 31, 2021

| | | |
|--|--------------------|-----------------------------------|
| Fund Balance - Governmental Fund | | \$ 2,177,282 |
| Amounts reported for governmental activities in the Statement of Net Position are different because: | | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund. | | |
| Governmental capital assets | \$ 8,841,377 | |
| Less accumulated depreciation | <u>(3,455,457)</u> | 5,385,920 |
| Other assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. | | |
| Net pension asset | | 42,329 |
| Deferred outflows of resources used in governmental activities are not financial resources and are not reported in governmental funds. | | |
| Pensions | 21,857 | |
| Other postemployment benefit obligations | <u>19,869</u> | 41,726 |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental fund. | | |
| Limited tax certificates payable | (1,625,000) | |
| Accrued interest payable | (15,985) | |
| Other postemployment benefit obligations | <u>(68,569)</u> | (1,709,554) |
| Deferred inflows of resources are not due and payable in the current period and are not reported in governmental funds. | | |
| Pensions | (42,223) | |
| Other postemployment benefit obligations | <u>(33,897)</u> | <u>(76,120)</u> |
| Net Position of Governmental Activities | | <u><u>\$ 5,861,583</u></u> |

See notes to financial statements.

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

Terrebonne Parish Recreation District No. 11

For the year ended December 31, 2021

| | General Fund | Debt Service Fund | Capital Projects Fund | Totals | Adjustments (Exhibit D) | Statement of Activities |
|---|--------------------|-------------------------|-----------------------------|------------------|----------------------------|----------------------------|
| Revenues | | | | | | |
| Taxes | \$ 1,460,476 | \$ - | \$ - | \$ 1,460,476 | \$ - | \$ 1,460,476 |
| Intergovernmental: | | | | | | |
| State of Louisiana: | | | | | | |
| State revenue sharing | 41,540 | - | - | 41,540 | - | 41,540 |
| Terrebonne Parish Consolidated Government | - | - | - | - | - | - |
| Charges for services | 5,487 | - | - | 5,487 | - | 5,487 |
| Miscellaneous: | | | | | | |
| Interest | 3,397 | - | 767 | 4,164 | - | 4,164 |
| Other | 2,514 | - | - | 2,514 | - | 2,514 |
| Total revenues | 1,513,414 | - | 767 | 1,514,181 | - | 1,514,181 |
| Expenditures/Expenses | | | | | | |
| Current: | | | | | | |
| General government: | | | | | | |
| Ad valorem tax adjustment | 16,659 | - | - | 16,659 | - | 16,659 |
| Ad valorem tax deductions | 49,683 | - | - | 49,683 | - | 49,683 |
| Total general government | 66,342 | - | - | 66,342 | - | 66,342 |
| Culture and recreation: | | | | | | |
| Personal services | 305,484 | - | - | 305,484 | (7,136) | 298,348 |
| Supplies and materials | 42,056 | - | - | 42,056 | - | 42,056 |
| Other services and charges | 226,044 | - | - | 226,044 | - | 226,044 |
| Repairs and maintenance | 269,661 | - | - | 269,661 | - | 269,661 |
| Impairment | - | - | - | - | 395,310 | 395,310 |
| Depreciation and impairment | - | - | - | - | 331,164 | 331,164 |
| Total culture and recreation | 843,245 | - | - | 843,245 | 719,338 | 1,562,583 |
| Debt service: | | | | | | |
| Principal payments | - | 300,000 | - | 300,000 | (300,000) | - |
| Interest and fiscal charges | - | 51,211 | - | 51,211 | (2,170) | 49,041 |
| Total debt service | - | 351,211 | - | 351,211 | (302,170) | 49,041 |
| Capital outlay | 6,396 | - | - | 6,396 | (6,396) | - |
| Total expenditures/expenses | 915,983 | 351,211 | - | 1,267,194 | 410,772 | 1,677,966 |
| Excess (Deficit) of Revenues Over Expenditures Before Other Financing Sources (Uses) | 597,431 | (351,211) | 767 | 246,987 | (410,772) | (163,785) |
| Other Financing Sources (Uses) | | | | | | |
| Transfers in | - | 657,866 | 2,399,198 | 3,057,064 | (3,057,064) | - |
| Transfers out | (3,057,064) | - | - | (3,057,064) | 3,057,064 | - |
| Total other financing sources (uses) | (3,057,064) | 657,866 | 2,399,198 | - | - | - |
| Excess (Deficit) of Revenues and Other Financing Sources (Uses) Over Expenditures | (2,459,633) | 306,655 | 2,399,965 | 246,987 | (246,987) | - |
| Change in Net Position | - | - | - | - | (163,785) | (163,785) |
| Fund Balance/Net Position | | | | | | |
| Beginning of year | 2,665,724 | - | (735,429) | 1,930,295 | 4,095,073 | 6,025,368 |
| End of year | \$ 206,091 | \$ 306,655 | \$ 1,664,536 | \$ 2,177,282 | \$ 3,684,301 | \$ 5,861,583 |

See notes to financial statements.

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

Terrebonne Parish Recreation District No. 11

For the year ended December 31, 2021

| | | |
|--|------------------|----------------------------|
| Net Change in Fund Balance - Governmental Fund | | \$ 246,987 |
| Amounts reported for governmental activities in the Statement of Activities are different because: | | |
| Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over the useful life of the asset as depreciation. | | |
| Capital outlay | \$ 6,396 | |
| Depreciation expense | <u>(331,164)</u> | (324,768) |
| The effect of miscellaneous transactions such as impairments, donations and sales of capital assets do not affect net position. | | |
| | | (395,310) |
| The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. The transaction has no effect on net position. | | |
| Principal payments | | 300,000 |
| Governmental funds report decreases (increases) in long-term liabilities as revenues or other sources of resources in the Statement of Activities. Those activities are reported as liabilities. | | |
| Accrued interest expense | 2,170 | |
| Other postemployment benefit expense | (2,099) | |
| Pension expense | <u>9,235</u> | 9,306 |
| Expenses incurred that do not require the use of current financial resources and therefore are not reported in the governmental funds. | | |
| Other postemployment benefit expense | | <u>-</u> |
| Change in Net Position of Governmental Activities | | <u>\$ (163,785)</u> |

See notes to financial statements.

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

Terrebonne Parish Recreation District No. 11

For the year ended December 31, 2021

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Favorable (Unfavorable)</u> |
|--|-------------------------|--------------------|--------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Taxes | \$ 1,129,884 | \$ 1,355,884 | \$ 1,460,476 | \$ 104,592 |
| Intergovernmental: | | | | |
| State of Louisiana: | | | | |
| State revenue sharing | 37,800 | 37,800 | 41,540 | 3,740 |
| Terrebonne Parish Consolidated Government | 35,681 | 35,681 | - | (35,681) |
| Charges for services | 23,141 | 23,141 | 5,487 | (17,654) |
| Miscellaneous: | | | | |
| Interest | 10,000 | 10,000 | 3,397 | (6,603) |
| Other | 2,000 | 2,000 | 2,514 | 514 |
| Total revenues | <u>1,238,506</u> | <u>1,464,506</u> | <u>1,513,414</u> | <u>48,908</u> |
| Expenditures | | | | |
| Current: | | | | |
| General government: | | | | |
| Ad valorem tax adjustment | 20,000 | 20,000 | 16,659 | 3,341 |
| Ad valorem tax deductions | 46,303 | 46,303 | 49,683 | (3,380) |
| Total general government | <u>66,303</u> | <u>66,303</u> | <u>66,342</u> | <u>(39)</u> |
| Culture and recreation: | | | | |
| Personal services | 402,151 | 402,151 | 305,484 | 96,667 |
| Supplies and materials | 20,000 | 20,000 | 42,056 | (22,056) |
| Other services and charges | 261,437 | 261,437 | 226,044 | 35,393 |
| Repairs and maintenance | 136,500 | 136,500 | 269,661 | (133,161) |
| Total culture and recreation | <u>820,088</u> | <u>820,088</u> | <u>843,245</u> | <u>(23,157)</u> |
| Capital outlay | - | - | 6,396 | (6,396) |
| Total expenditures | <u>886,391</u> | <u>886,391</u> | <u>915,983</u> | <u>(29,592)</u> |
| Excess Revenues Over Expenditures Before Other Financing Sources (Uses) | 352,115 | 578,115 | 597,431 | 78,500 |
| Other Financing Sources (Uses) | | | | |
| Transfers Out | <u>(3,056,968)</u> | <u>(3,056,968)</u> | <u>(3,057,064)</u> | <u>(96)</u> |
| Deficit of Revenues Over Expenditures | (2,704,853) | (2,478,853) | (2,459,633) | 78,404 |
| Fund Balances | | | | |
| Beginning of year | <u>2,665,724</u> | <u>2,665,724</u> | <u>2,665,724</u> | <u>-</u> |
| End of year | <u>\$ (39,129)</u> | <u>\$ 186,871</u> | <u>\$ 206,091</u> | <u>\$ 78,404</u> |

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**Terrebonne Parish Recreation District No. 11**

December 31, 2021

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Terrebonne Parish Recreation District No. 11 (the "District") conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of significant accounting policies:

a. Reporting Entity

The District is a component unit of Terrebonne Parish Consolidated Government (the "Parish") and as such, these financial statements will be included in the annual comprehensive financial report (ACFR) of the Parish for the year ended December 31, 2021.

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

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Reporting Entity (Continued)

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

b. Basis of Presentation

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

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

Debt Service Fund - The Debt Service Fund accounts for resources accumulated and restricted by covenants of the Limited Tax Certificates to payments made for principal, interest, and fees.

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Measurement Focus and Basis of Accounting

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Ad valorem taxes and the related state revenue sharing (intergovernmental revenue) are recognized as revenue in the period for which levied, thus the 2021 property taxes which are being levied to finance the 2022 budget will be recognized as revenue in 2022. The 2021 tax levy is recorded as deferred inflows of resources in the District's 2021 financial statements. Charges for services are recorded when earned since they are measurable and available. Management has determined interest income earned in the current period is susceptible to the accrual method. Other miscellaneous revenues are recorded as revenues when received in cash by the District because they are generally not measurable until actually received.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Measurement Focus and Basis of Accounting (Continued)

Fund Financial Statements (Continued)

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for the following: (1) principal and interest on long-term debt are recorded when due, and (2) claims and judgments, group health claims, net pension obligation, compensated absences and other postemployment benefits are recorded as expenditures in the governmental fund type when paid with expendable available financial resources. Allocations of cost such as depreciation are not recognized in the governmental funds.

d. Use of Estimates

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

e. Operating Budgetary Data

As required by the Louisiana Revised Statutes 39:1303, the Board of Commissioners (the "Board") adopted a budget for the District's General Fund. The budgetary practices include public notice of the proposed budget, public inspection of the proposed budget and a public hearing on the budget prior to adoption. Any amendment involving the transfer of monies from one function to another or increases in expenditure must be approved by the Board. The District amended its budget once during the year so actual revenues would not be less than budgeted and actual expenditures would not be greater than budgeted.

All budgeted amounts which are not expended, or obligated through contracts, lapse at year-end.

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

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Accounts Receivable

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

g. Investments

Investments during the year consisted of investments in Louisiana Asset Management Pool (LAMP). LAMP is an external pool which is operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC - registered mutual funds to use amortized cost rather than fair value to report net position to compute share prices if certain conditions are met.

h. Capital Assets

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

Government-Wide Financial Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets purchased or acquired with an original cost of \$500 or more are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Capital assets with an estimated historical cost amounted to approximately \$515,275 or 5.00% of the total cost of capital assets. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Capital Assets (Continued)

Government-Wide Financial Statements (Continued)

| | |
|-----------------------------------|---------------|
| Buildings | 10 - 40 years |
| Improvements other than buildings | 5 - 20 years |
| Machinery and equipment | 5 - 20 years |
| Furniture and fixtures | 5 - 10 years |
| Vehicles | 5 years |

Fund Financial Statements

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

i. Long-Term Obligations

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

Government-Wide Financial Statements:

All long-term obligations to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term obligations consist of limited tax certificates payable, pension liabilities, and other postemployment benefit obligations.

Fund Financial Statements:

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

j. Vacation and Sick Leave

Accumulated vacation and sick leave are recorded as expenditures in the fund financial statements of the period in which paid.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Vacation and Sick Leave (Continued)

Employees can earn 96 hours or 136 hours of vacation leave, depending on their length of employment. Accumulated vacation leave is due to the employee at the time of termination or death. The vacation policy provides that employees are to take vacation within one year of being earned, with no carry-forward provisions. Employees earn 56 hours sick leave per year and are permitted to accumulate a maximum of 480 hours. Sick leave does not vest with employees at separation of employment.

There is no material unpaid vacation and sick leave to be recognized in the government-wide statements as of December 31, 2021.

k. Pensions

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

l. Deferred Outflows of Resources

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

m. Deferred Inflows of Resources

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n. Equity

Government-Wide Statements

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

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

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

Fund Financial Statements

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

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n. Equity (Continued)

Fund Financial Statements (Continued)

- d. Assigned - amounts that do not meet the criteria to be classified or either restricted or committed but that are intended to be used for specific purposes. Assigned amounts are determined by a majority vote of the Board. Assignment may be established, modified, or rescinded by the Chairman of the Board of Commissioners or his representative.
- e. Unassigned - all other spendable amounts.

For the classification of governmental fund balances, the District considers an expenditure to be made from the most restrictive first when more than one classification is available. The District's fund balance was classified as unassigned as of December 31, 2021.

Fund Balance Transfers

As of January 1, 2021, the District determined a December 31, 2020, equity transfers of \$2,705,949 from unassigned fund balance in the General Fund to restricted fund balance in the Debt Service Fund, \$306,655, and assigned fund balance in the Capital Projects Fund, \$2,399,965 was necessary in order to comply with covenants of the 2018 Limited Tax Certificates and the intent of the Board of Commissioners. The transfers resulted in an unassigned fund balance in the General Fund of \$206,091, \$306,655 restricted fund balance in the Debt Service Fund and assigned fund balance of \$1,664,536 in the Capital Projects Fund.

o. New GASB Statements

During the year ended December 31, 2021, the District implemented the following GASB Statements:

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o. New GASB Statements (Continued)

construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement did not affect the financial statements.

Statement No. 90, "*Majority Equity Interest*" the primary objectives of this Statement are to improve the consistency and comparability of reporting government's majority equity interest in legally separate organization and to improve the relevance of financial statement information for certain component units. It specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as component unit. This Statement did not affect the financial statements.

Statement No. 98, "*The Annual Comprehensive Financial Report*" establishes the term annual comprehensive financial report and its acronym ACFR. The new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym sounds like a profoundly objectionable racial slur. This Statement did affect the financial statements.

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

Statement No. 87, "*Leases*" increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o. New GASB Statements (Continued)

Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 91, "*Conduit Debt Obligations*" provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 92, "*Omnibus 2020*" establishes accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance related activities of public entity risk pools, fair value measurements, and derivative instruments. The requirements of this Statement apply to all financial statements of all state and local governments at dates varying from upon issuance to fiscal periods beginning after June 15, 2021. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 93, "*Replacement of Interbank Offered Rates*" some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR) most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates. This Statement will preserve the consistency and comparability of reporting hedging derivative instruments and leases after governments amend or replace agreements to replace an IBOR. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Management has not yet determined the effect of this Statement on the financial statements.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o. New GASB Statements (Continued)

Statement No. 94, "*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*" improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for the years beginning after June 15, 2022. Management has yet to determine the effect of this Statement on the financial statements.

Statement No. 96, "*Subscription-based Information Technology Arrangements*" provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for the years beginning after June 15, 2022. Management has yet to determine the effect of this Statement on the financial statements.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o. New GASB Statements (Continued)

Statement No. 97, "*Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*" provides objectives to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement are effective for the years beginning after June 15, 2021. Management has yet to determine the effect of this Statement on the financial statements.

p. Subsequent Events

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that effect the financial statements. Subsequent events have been evaluated through August 3, 2022, which is the date the financial statements were available to be issued.

Note 2 - DEPOSITS AND INVESTMENTS

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

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

Note 2 - DEPOSITS AND INVESTMENTS (Continued)

Deposits

The year-end balances of deposits are as follows:

| | <u>Bank Balances</u> | <u>Reported Amount</u> |
|------|--------------------------|----------------------------|
| Cash | <u>\$ 632,676</u> | <u>\$ 632,265</u> |

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has a written policy for custodial credit risk, which reflects state law. As of December 31, 2021, \$382,676 of the District's bank balance of \$632,676 was exposed to custodial credit risk. These deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent and are deemed to be held in the District's name by state statutes.

Investments

State statutes authorizes the Board to invest in obligations of the U.S. Treasury, agencies, and instrumentalities; guaranteed investment contracts and investment grade (A-1/P-1) commercial paper of domestic corporations; repurchase agreements; and the LAMP.

As a means of limiting its exposure to fair value losses arising from interest rates, the District's investment policy emphasized maintaining liquidity to match specific cash flows.

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's investment policy requires the application of the prudent-person rule. This policy states, investments shall be made with the judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. Primary emphasis shall be placed upon the safety of principal secondly to maintain liquidity to meet operating requirements and finally to obtain the most favorable rate of return. The District's investment policy limits investments to those discussed earlier in this note. LAMP has a Standard & Poor's Rating of AAAM.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments in external investment pools are not exposed to custodial credit risk because of their natural diversification and the diversification required by the Securities and Exchange Commission.

Note 2 - DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

LAMP, a local government investment pool, is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993.

While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2a7, which governs registered money market funds. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days and consists of no securities with a maturity in excess of 397 days. The fair value of investments is determined on a weekly basis to monitor any variances between amortized cost and fair value. For purposes of determining participants' shares, investments are valued at amortized cost. The fair value of participants' position is the same as the value of the pool shares. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. Investments in LAMP as of December 31, 2021, amounted to \$1,670,524 and are classified on the Statement of Net Position as "Cash and Cash Equivalents".

A reconciliation of deposits and investments to the financial statements is as follows:

| | | |
|-------------------------------------|----|-------------------------|
| Cash on hand | \$ | 200 |
| Reported deposits | | 632,265 |
| Reported investments | | <u>1,670,524</u> |
| Total cash and cash equivalents | | <u>\$ 2,302,989</u> |

Note 3 - PROPERTY TAXES

Property taxes are levied each November 1 on the assessed value listed as of the prior January 1 for all real property, merchandise and movable property located in the Parish. Assessed values are established by the Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A statewide reevaluation of all property is required to be completed no less than every four years. The last statewide 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 year ended December 31, 2021 was \$10.00 per \$1,000 of assessed valuation on property within Terrebonne Parish Recreation District No. 11 for the purpose of constructing, maintaining and operating recreational facilities within the District. As indicated in Note 1c, taxes levied November 1, 2021 are for budgeted expenditures in 2022 and will be recognized as revenues in 2022.

Note 4 - DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units as of December 31, 2021 consisted of the following:

| | |
|--|-----------------|
| State of Louisiana - State revenue sharing | \$ 25,922 |
| Terrebonne Parish Tax Collector - December 2021 collections remitted to the District in January 2022: | |
| Ad valorem taxes | 56,532 |
| State revenue sharing | <u>12,961</u> |
| Total | <u>\$95,415</u> |

Note 5 - CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2021 was as follows:

| | Balance January 1, 2021 | Additions | Deletions | Balance December 31, 2021 |
|--|-------------------------------|---------------------|---------------------|---------------------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ 175,021 | \$ - | \$ - | \$ 175,021 |
| Capital assets being depreciated: | | | | |
| Buildings | 6,055,559 | - | (814,177) | 5,241,382 |
| Improvements other than buildings | 2,944,862 | - | (372,902) | 2,571,960 |
| Machinery and equipment | 861,885 | 6,396 | (207,180) | 661,101 |
| Furniture and fixtures | 297,267 | - | (158,990) | 138,277 |
| Vehicles | 56,438 | - | (2,802) | 53,636 |
| Total capital assets being depreciated | <u>10,216,011</u> | <u>6,396</u> | <u>(1,556,051)</u> | <u>8,666,356</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | (2,112,470) | (125,813) | 774,831 | (1,463,452) |
| Improvements other than buildings | (1,536,076) | (149,534) | 186,997 | (1,498,613) |
| Equipment | (493,393) | (33,493) | 145,938 | (380,948) |
| Furniture and fixtures | (107,045) | (11,899) | 51,743 | (67,201) |
| Vehicles | (36,050) | (10,425) | 1,232 | (45,243) |
| Total accumulated depreciation | <u>(4,285,034)</u> | <u>(331,164)</u> | <u>1,160,741</u> | <u>(3,455,457)</u> |
| Total capital assets being depreciated, net | <u>5,930,977</u> | <u>(324,768)</u> | <u>(395,310)</u> | <u>5,210,899</u> |
| Total capital assets, net | <u>\$ 6,105,998</u> | <u>\$ (324,768)</u> | <u>\$ (395,310)</u> | <u>\$ 5,385,920</u> |

District depreciation amounting to \$331,164 was recorded as cultural and recreation expenses for 2021.

Note 5 - CHANGES IN CAPITAL ASSETS (Continued)

Impairments and Insurance Proceeds

On August 29, 2021, Hurricane Ida severely impacted the District and the financial impact has yet to be determined. Numerous capital assets throughout the District were damaged and are still being repaired or replaced. In accordance with GASB Statement No. 42, "*Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*", the District has reviewed the its capital assets (a) to determine potential impairments from Hurricane Ida through inspection of physical damage and (b) to test for impairment to determine if the magnitude of the decline in service utility of the capital asset is significant and whether the decline in service utility is not part of the normal life cycle of the capital asset. For those properties that are impaired and will continue to be used by the District, a portion of historical cost of the asset and associated accumulated depreciation, will be written off using the Restoration Cost Approach which states that the amount of impairment is derived from the estimated costs to restore the utility of the capital asset.

Impaired capital assets that will no longer be used by the District will be reported at the lower of carrying value or fair value. The District has performed its inspection of physical damages to its gymnasiums, swimming pool, ballfields, and parks. Estimates of the restoration costs of damages has not been completed and insurance adjustor's reports have not been finalized. Accordingly, impairment estimates are not complete nor has the District received insurance proceeds for Hurricane Ida damage claims. Buildings and improvements equipment and interior furnishing such as aluminum awnings, baseball dugouts, football goal post scoreboards, bleachers, field lights and poles, playground equipment, other equipment and furniture have been impaired based on the District's inspection.

For the year ended December 31, 2021, the District recognized impairment losses on the items determined to be damaged from its inspection. The following table identifies damaged capital assets and the resulting impairment losses, which are reported in the Culture and Recreation function.

Note 5 - CHANGES IN CAPITAL ASSETS (Continued)

Impairments and Insurance Proceeds (Continued)

| <u>Culture and Recreation</u> | <u>Insurance Proceeds</u> | <u>Costs</u> | <u>Accumulated Depreciation</u> | <u>Net Book Value</u> | <u>Impairment Loss</u> |
|--------------------------------------|-------------------------------|---------------------|-------------------------------------|---------------------------|----------------------------|
| Buildings | \$ - | \$ 814,177 | \$ (774,831) | \$ 39,346 | \$ (39,346) |
| Improvements other than buildings | - | 372,902 | (186,997) | 185,905 | (185,905) |
| Machinery and equipment | - | 207,180 | (145,938) | 61,242 | (61,242) |
| Furniture and fixtures | - | 158,990 | (51,743) | 107,247 | (107,247) |
| Vehicles | - | 2,802 | (1,232) | 1,570 | (1,570) |
| | <u>\$ -</u> | <u>\$ 1,556,051</u> | <u>\$(1,160,741)</u> | <u>\$ 395,310</u> | <u>\$ (395,310)</u> |

Note 6 - LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions of the District for the year ended December 31, 2021:

| | <u>Payable January 1, 2021</u> | <u>Increase/ Earned</u> | <u>Obligations Retired/ Decrease</u> | <u>Payable December 31, 2021</u> |
|-------------------------------------|--|-----------------------------|--|--|
| Limited tax certificates payable | \$ 1,925,000 | \$ - | \$ (300,000) | \$ 1,625,000 |
| Other postemployment benefits | <u>59,542</u> | <u>-</u> | <u>9,027</u> | <u>68,569</u> |
| Totals | <u>\$ 1,984,542</u> | <u>\$ -</u> | <u>\$ (290,973)</u> | <u>\$ 1,693,569</u> |

On June 14, 2018, the Board of Commissioners pursuant to the Louisiana Revised Statutes 39:1430 authorized the issuance, sale, and delivery of \$2,500,000 of Limited Tax Certificates, Series 2018. On July 17, 2018, the District issued the sale on the Limited Tax Certificates for the purpose of paying costs of construction and improving facilities of the District. In 2021, the third payment of \$300,000 was made on the Limited Tax Certificates.

Note 6 - LONG-TERM OBLIGATIONS (Continued)

Limited Tax Certificates are direct obligations of the District secured by an irrevocable pledge and dedication of the District's 10 mill ad valorem tax, \$1,460,476 for the year ended December 31, 2021. The certificates are issued as 8-year certificates with principal due March 1 and interest due March 1 and September 1 of each year. These certificates carry interest rates ranging from 1.84% to 3.08%.

Through December 31, 2021, the District has recognized obligations in the amount of \$68,569 for other postemployment benefits as further described in Note 7.

Annual debt service requirements to maturity for the certificates follows:

| <u>Year Ending December 31,</u> | <u>Principal</u> | <u>Interest</u> |
|-------------------------------------|---------------------|------------------|
| 2022 | \$ 305,000 | \$ 43,792 |
| 2023 | 315,000 | 35,062 |
| 2024 | 325,000 | 25,635 |
| 2025 | 335,000 | 15,701 |
| 2026 | <u>345,000</u> | <u>5,313</u> |
| | <u>\$ 1,625,000</u> | <u>\$125,503</u> |

Note 7 - POSTEMPLOYMENT HEALTHCARE BENEFITS

Plan Description

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

Note 7 - POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

Plan Description (Continued)

The District employees hired prior to January 1, 2013 and any such employee having at least ten years of permanent, full-time creditable service with the District shall be eligible to continue participation, provided they have participated in the Plan for the immediate five continuous years prior to retirement, in group medical insurance coverage under the following vesting schedule: 1 to 15 years of service, 2.75% per year; 16 to 20 years of service, 3.75% per year; and 21 to 30 years of service, 4% per year. The parish will pay up to 80% of the group insurance premium or the maximum percentage of premium paid for active employees; whichever is lesser. Employees hired on or after January 1, 2013, and who are members of the Parochial Employees Retirement System, post-retirement benefits shall only be available to eligible retiring employees with a minimum of thirty (30) years of service, who are at least fifty-five (55) years of age at retirement and participated in the Plan for the immediate five continuous years prior to retirement. A retired employee may provide dependent hospitalization coverage at applicable dependent rates. A retiree is not allowed to participate in the Plan if not elected when offered such participation upon retirement.

The District's total OPEB liability of \$68,569 was measured as of December 31, 2021 and was determined by an actuarial valuation as of January 1, 2021.

Note 7 - POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

Total OPEB Liability

Actuarial Assumptions and Other Inputs

The total OPEB liability as of December 31, 2021 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless, otherwise specified:

| | |
|--|---|
| Measurement date | December 31, 2021 |
| Actuarial valuation date | January 1, 2020 |
| Inflation | 2.50% |
| Salary increases, including inflation | 3.00% |
| Discount rate | 1.84% |
| Healthcare cost trend rates | Medical - 6.00% in year one decreasing in decrements of 0.50% per year until 5.00% through year five. Dental - 3.50% in year one decreasing in decrements of 0.25% per year until 2.50% through year five. |

The discount rate was based on the December 31, 2021 Fidelity General Obligation AA 20-Year Yield.

Mortality rates for active employees were based on the PubG.H-2010 (general) and PubS.H-2010 (public safety) Employee Mortality Tables, Generational with Projection Scale MP-2019 for males or females, as appropriate.

Mortality rates for retirees were based on the PubG.H-2010 (general) and PubS.H-2010 (public safety) Healthy Annuitant Mortality Table, Generational with Projection Scale MP-2019 for males or females, as appropriate.

Note 7 - POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

Changes in the Total OPEB Liability

| | <u>Total OPEB Liability</u> |
|--|-------------------------------------|
| Balance as of December 31, 2020 | \$ 59,542 |
| Changes for the year: | |
| Service cost | 947 |
| Interest | 1,349 |
| Difference between expected and actual experience | (220) |
| Changes in assumptions and other inputs | 763 |
| Change in proportion | 7,964 |
| Benefit payments | <u>(1,776)</u> |
| Net changes | <u>9,027</u> |
| Balance as of December 31, 2021 | <u>\$ 68,569</u> |

Sensitivity to total OPEB Liability to Change in the Discount Rate

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

| | <u>1.00% Decrease (1.00%)</u> | <u>Current Discount Rate (2.00%)</u> | <u>1.00% Increase (3.00%)</u> |
|----------------------|---------------------------------------|--|---------------------------------------|
| Total OPEB Liability | <u>\$ 82,478</u> | <u>\$ 68,569</u> | <u>\$ 57,702</u> |

Note 7 - POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

Sensitivity to Total OPEB Liability to Change in the Health Cost Trend Rate

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

| | <u>1.00% Decrease</u> | <u>Current Healthcare Cost Trend Rate</u> | <u>1.00% Increase</u> |
|----------------------|---------------------------|---|---------------------------|
| Total OPEB Liability | <u>\$ 55,942</u> | <u>\$ 68,569</u> | <u>\$ 85,620</u> |

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

For the year ended December 31, 2021 the District recognized OPEB expense of \$2,099. As of December 31, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | <u>Deferred Outflow of Resources</u> | <u>Deferred Inflow of Resources</u> |
|--|--|---|
| Difference between expected and actual experience | \$ 1,016 | \$ (6,340) |
| Change in assumptions | 6,668 | (5,742) |
| Change in proportion | <u>12,185</u> | <u>(21,815)</u> |
| Totals | <u>\$ 19,869</u> | <u>\$(33,897)</u> |

Note 7 - POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

Total OPEB Liability

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

| <u>Year Ending December 31,</u> | <u>Amount</u> |
|-------------------------------------|--------------------------|
| 2022 | \$ (3,471) |
| 2023 | (3,471) |
| 2024 | (8,611) |
| 2025 | <u>1,525</u> |
| Total | <u><u>\$(14,028)</u></u> |

Note 8 - DEFINED BENEFIT PENSION PLAN

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

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

Note 8 - DEFINED BENEFIT PENSION PLAN (Continued)

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

Contributions. According to state statute, contributions for all employers are actuarially determined each year. For the year ending December 31, 2020, the actuarial employer contribution rate was 7.39% of member's compensation. However, the actual rate for the fiscal years ending December 31, 2021 and 2020 was 7.50%.

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

Contributions to the System from the District were \$12,506 for the year ended December 31, 2021.

Net Pension Asset. As of December 31, 2021, the District reported an asset of \$42,329 for its proportionate share of the System's net pension asset. The net pension asset was measured as of December 31, 2020 and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. The District's proportion of the net pension asset was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. As of December 31, 2020, the District's

Note 8 - DEFINED BENEFIT PENSION PLAN (Continued)

proportion was 0.145960%, which was an increase of 0.00726% from its proportion measured as of December 31, 2019.

Pension Expense. For the year ended December 31, 2021, the District recognized a pension credit of \$(2,045).

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. As of December 31, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Difference between expected and actual experience | \$ 2,403 | \$ (1,386) |
| Net difference between projected and actual earnings on pension plan investments | - | (40,722) |
| Change in proportionate share | 93 | (115) |
| Change in assumptions | 6,855 | - |
| Contributions subsequent to the measurement date | <u>12,506</u> | <u>-</u> |
| | <u>\$21,857</u> | <u>\$ (42,223)</u> |

The District reported \$12,506 as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date and will be recognized as a reduction of the net pension asset in the year ending December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>For The Year Ending December 31,</u> | <u>Amount</u> |
|---|--------------------|
| 2022 | \$ (8,410) |
| 2023 | (599) |
| 2024 | (16,285) |
| 2025 | <u>(7,578)</u> |
| Total | <u>\$ (32,872)</u> |

Note 8 - DEFINED BENEFIT PENSION PLAN (Continued)

Actuarial Assumptions. A summary of the actuarial methods and assumptions used in determining the total pension asset as of December 31, 2021 are as follows:

Actuarial Assumptions

| | |
|---|---|
| Valuation Date | December 31, 2020 |
| Actuarial Cost Method | Entry Age Normal |
| Actuarial Assumptions: | |
| Expected Remaining Service Lives | 4 years |
| Investment Rate of Return | 6.40%, net of investment expense, including inflation. |
| Projected Salary Increases | 4.25% |
| Mortality Rates | Pub-2010 Public Retirement Plans Mortality Table for Health Retirees multiplied by 130% for males and 125% for females using MP2018 scale for annuitant and beneficiary mortality. For employees, the Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplied by 130% for males and 125% for females using MP2018 scale. Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females using MP2018 scale for disabled annuitants. |
| Cost of Living Adjustments | The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees. |

Note 8 - DEFINED BENEFIT PENSION PLAN (Continued)

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

These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.00% for the year ended December 31, 2020.

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of December 31, 2020 are as follows:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|----------------------------------|--------------------------|---|
| Fixed income | 33.00% | 0.86% |
| Equity | 51.00% | 3.36% |
| Alternatives | 14.00% | 0.67% |
| Real assets | <u>2.00%</u> | <u>0.11%</u> |
| Totals | <u>100.00%</u> | 5.00% |
| Inflation | | <u>2.00%</u> |
| Expected Arithmetic Nominal Rate | | <u>7.00%</u> |

Discount Rate. The discount rate used to measure the collective pension asset was 6.40%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset.

Note 8 - DEFINED BENEFIT PENSION PLAN (Continued)

Sensitivity of the District's Proportionate Share of the Collective Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the District's proportionate share of the collective net pension liability using the discount rate of 6.40%, as well as what the District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage-point lower (5.40%) or one percentage-point higher (7.40%) than the current rate:

| | Decrease (5.40%) | Current Discount Rate (6.40%) | Increase (7.40%) |
|--|---------------------|--|---------------------|
| District's proportionate share of the net pension (asset) liability | \$ 35,031 | \$(42,329) | \$(98,057) |

Pension Plan Fiduciary Net Position. The Parochial Employees' Retirement System of Louisiana issued a stand-alone audit report on their financial statements for the year ended December 31, 2020. Access to the audit report can be found on the System's website, www.persla.org or on the Louisiana Legislative Auditor's website, www.la.gov.

Note 9 - RISK MANAGEMENT

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

Note 9 - RISK MANAGEMENT (Continued)

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

Coverage for general liability claims in excess of the stated limits above are to be funded first by assets of the Parish's risk management internal service fund, \$2,038,213 as of December 31, 2020, then secondly by the District.

The Parish is self-insured for the first \$175,000 of each claim relating to group health insurance. The aggregate deductible of all group claims relating to group insurance for 2020 was \$16,149,813. Insurance contracts cover excess liability on individual claims. Coverage for group health claim liabilities are to be funded first by the assets of the Parish's group health internal services fund, \$4,089,382 as of December 31, 2020, then secondly by the District.

Worker's compensation claims in excess of \$600,000 are covered under an insurance contact for claims aggregate up to limits are to be funded first by assets of the Parish's workers' compensation internal service fund. As of December 31, 2021, the District had no claims in excess of the above coverage limits.

Expenditures for premiums to the Parish for insurance coverage during the year ended December 31, 2021 totaled \$126,862.

Note 10 - RELATED PARTY FEES AND EXPENDITURES

In addition to the placement of various insurances, the District utilizes the Parish for the processing of payroll and purchasing of operating expenditures. The following is a summary of expenditures (excluding insurance) the District paid the Parish as reimbursement of costs:

| | |
|-------------------------|-----------|
| Personal services | \$291,005 |
| Supplies and materials | 18,476 |
| Repairs and maintenance | 390 |
| Other services | 6,656 |
| Total | \$316,527 |

Note 11 - COMPENSATION OF BOARD MEMBERS

The following amounts were paid to Board Members for the year ended December 31, 2021:

| <u>Board Members</u> | <u>Number of Meetings Attended</u> | <u>Per Diem</u> |
|----------------------|--|---------------------|
| Arleen Simmons | 9 | \$ 225 |
| Bonita White | 10 | 250 |
| Dontrell Harris | 6 | 150 |
| Jasmine Singleton | 8 | 200 |
| Michael Jones | 6 | 150 |
| Misty Ruffin | 8 | 200 |
| Ronald Rainey | 10 | <u>250</u> |
| Total | | <u>\$1,425</u> |

Note 12 - STATE OF LOUISIANA TAX ABATEMENTS

The District's ad valorem tax revenues were reduced by \$5,023 under agreements entered into with the State of Louisiana.

REQUIRED SUPPLEMENTARY INFORMATION

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

Terrebonne Parish Recreation District No. 11

For the four years ended December 31, 2021 through 2018

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|---|-------------------|-------------------|-------------------|-------------------|
| Total OPEB Liability | | | | |
| Service cost | \$ 947 | \$ 1,750 | \$ 1,618 | \$ 3,382 |
| Interest | 1,349 | 2,017 | 2,206 | 4,927 |
| Changes of benefit terms | - | - | - | (73,870) |
| Difference between expected and actual experience | (220) | (8,834) | 3,240 | (731) |
| Changes in assumptions or other inputs | 763 | (6,355) | 19,320 | (5,099) |
| Changes in proportion | 7,964 | (27,180) | 7,360 | - |
| Benefit payments | (1,776) | (5,542) | (3,128) | (2,050) |
| Net Change in Total OPEB Liability | 9,027 | (44,144) | 30,616 | (73,441) |
| Beginning of year | 59,542 | 103,686 | 73,070 | 146,511 |
| End of year | <u>\$ 68,569</u> | <u>\$ 59,542</u> | <u>\$ 103,686</u> | <u>\$ 73,070</u> |
| Covered Employee Payroll | <u>\$ 177,882</u> | <u>\$ 177,778</u> | <u>\$ 210,821</u> | <u>\$ 147,282</u> |
| Total OPEB Liability as a Percentage of Covered Employee Payroll | <u>38.55%</u> | <u>33.49%</u> | <u>49.18%</u> | <u>49.61%</u> |

Notes to Schedule:

Changes of Benefit Terms:

Effective January 1, 2019, a Medicare Advantage plan was introduced as an option for eligible retirees.

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

2.00% 2.75% 3.71%

The schedule is provided beginning with the District's year ended December 31, 2018 and is intended to show a ten year trend. Additional years will be reported as they become available.

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

Terrebonne Parish Recreation District No. 11

For the seven years ended December 31, 2021 through 2015

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|---|--------------------|--------------------|------------------|--------------------|-----------------|------------------|------------------|
| District's proportion of the net pension liability | <u>0.1460%</u> | <u>0.1627%</u> | <u>0.1940%</u> | <u>0.1441%</u> | <u>0.0797%</u> | <u>0.0861%</u> | <u>0.1081%</u> |
| District's proportionate share of the net pension liability (asset) | <u>\$ (42,329)</u> | <u>\$ (11,771)</u> | <u>\$51,346</u> | <u>\$ (18,131)</u> | <u>\$10,350</u> | <u>\$17,107</u> | <u>\$8,539</u> |
| District's covered-employee payroll | <u>\$189,493</u> | <u>\$210,821</u> | <u>\$147,282</u> | <u>\$77,303</u> | <u>\$86,235</u> | <u>\$106,032</u> | <u>\$135,554</u> |
| District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | <u>-22.338%</u> | <u>-5.583%</u> | <u>34.862%</u> | <u>-23.454%</u> | <u>12.002%</u> | <u>16.134%</u> | <u>6.299%</u> |
| Plan fiduciary net position as a percentage of the total pension liability | <u>106.76%</u> | <u>102.05%</u> | <u>91.93%</u> | <u>104.02%</u> | <u>94.15%</u> | <u>92.23%</u> | <u>99.15%</u> |

The schedule is provided beginning with the District's year ended December 31, 2015 and is intended to show a ten year trend. Additional years will be reported as they become available.

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS

Terrebonne Parish Recreation District No. 11

For the seven years ended December 31, 2021 through 2015

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|-------------------|-------------------|-------------------|-------------------|------------------|------------------|-------------------|
| Contractually required contributions | \$ 12,506 | \$ 14,212 | \$ 15,812 | \$ 11,046 | \$ 6,184 | \$ 6,899 | \$ 9,543 |
| Contributions in relation to the contractually required contribution | <u>(12,506)</u> | <u>(14,212)</u> | <u>(15,812)</u> | <u>(11,046)</u> | <u>(6,184)</u> | <u>(6,899)</u> | <u>(9,543)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| District's covered-employee payroll | <u>\$ 166,742</u> | <u>\$ 189,493</u> | <u>\$ 210,821</u> | <u>\$ 147,282</u> | <u>\$ 77,303</u> | <u>\$ 86,235</u> | <u>\$ 106,032</u> |
| Contributions as a percentage of covered-employee payroll | <u>7.50%</u> | <u>7.50%</u> | <u>7.50%</u> | <u>7.50%</u> | <u>8.00%</u> | <u>8.00%</u> | <u>9.00%</u> |

The schedule is provided beginning with the District's year ended December 31, 2015 and is intended to show a ten year trend. Additional years will be reported as they become available.

SUPPLEMENTARY INFORMATION SECTION

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

Terrebonne Parish Recreation District No. 11

For the year ended December 31, 2021

| Agency Head Name: | Noble Patterson Jr. January 1, 2021 Through June 31, 2021 | Murphy Mosely June 31, 2021 Through December 31, 2021 |
|--|--|--|
| Purpose | | |
| Salary | \$ 20,328 | \$ 20,331 |
| Benefits - insurance | 11,950 | 1,876 |
| Benefits - retirement | 1,525 | 1,525 |
| Benefits - other | - | - |
| Car allowance | - | - |
| Vehicle provided by government | - | - |
| Per diem | - | - |
| Reimbursements | - | - |
| Travel | - | - |
| Registration fees | - | - |
| Conference travel | - | - |
| Continuing professional education fees | - | - |
| Housing | - | - |
| Unvouchered expenses | - | - |
| Meals | - | - |
| | <u>\$ 33,803</u> | <u>\$ 23,732</u> |

Note:

The Facility Supervisor functions as Chief Executive Officer because the District does not have an employee in that position. The position was filled by those individuals named for the dates shown.

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Commissioners,
Terrebonne Parish Recreation District No. 11,
Houma, Louisiana.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Terrebonne Parish Recreation District No. 11, State of Louisiana (the "District") a component unit of Terrebonne Parish Consolidated Government as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise District's financial statements and have issued our report thereon dated August 3, 2022.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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 that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify deficiencies in internal control 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 financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



Certified Public Accountants.

Houma, Louisiana,
August 3, 2022.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

Terrebonne Parish Recreation District No. 11

For the year ended December 31, 2021

Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Financial Statements

Internal Control Over Financial Reporting

2020-001 Reporting Cash

Recommendation - We recommend that the District perform accurate monthly reconciliations of accounts payable and fund balance.

Management - Resolved. The District completed reconciliations of cash, accounts payable and fund balance monthly and review outstanding payable invoices for accuracy and completeness.

Compliance and Other Matters

2020-002 Local Government Budget Act

Recommendation - We recommend the District ensure that budget policies and procedures are adequate and are being followed. We recommend the District adopt and publish original, amended, and final budgets for 2020 in the official journal. We recommend the District publish the proposed budget for 2021 in the official journal. These policies and procedures should be approved by management and/or the Board of Commissioners and should be in place for the full year.

Management's Response - Resolved. The District's budget policies and procedures are adequate and are being followed. The District adopted and published original, amended and final budgets for 2021. The District adopted and published the proposed budget for 2022.

**Section I - Internal Control Over Financial Reporting and Compliance and Other Matters
Material to the Financial Statements (Continued)**

Compliance and Other Matters (Continued)

2020-003 Public Notices

Recommendation - We recommend the District publish all Board meeting minutes for 2020 that were not previously published in the official journal and continue to publish minutes immediately after adoption by the Board of Commissioners.

Management's Response - Resolved. The District published all Board meeting minutes for the year ended December 31, 2021, in the official journal.

Section II - Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Recreation District No. 11 did not expend federal awards in excess of \$750,000 during the year ended December 31, 2020 and therefore is exempt from the audit requirements under the *Uniform Guidelines*.

Section III - Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 2020.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Terrebonne Parish Recreation District No. 11

For the year ended December 31, 2021

Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Financial Statements

Internal Control Over Financial Reporting

No material weaknesses were reported during the audit for the year ended December 31, 2021.

No significant deficiencies were reported during the audit for the year ended December 31, 2021.

Compliance and Other Matters

No compliance findings material to the financial statements were noted during the audit for the year ended December 31, 2021.

Section II - Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Recreation District No. 11 did not expend federal awards in excess of \$750,000 during the year ended December 31, 2021 and therefore is exempt from the audit requirements under the *Uniform Guidelines*.

Section III - Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 2021.

STATEWIDE AGREED-UPON PROCEDURES

INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners,
Terrebonne Parish Recreation District No. 11,
Houma, Louisiana.

We have performed the procedures described in Schedule 4 on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA) Statewide Agreed-Upon Procedures (SAUP) for the fiscal period January 1, 2021 through December 31, 2021. Terrebonne Parish Recreation District No. 11, (the "District") management is responsible for those C/C areas identified in the SAUPs.

The District has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in the LLA's SAUPs for the fiscal period January 1, 2021 through December 31, 2021. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purpose. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are described in Schedule 4.

We were engaged by the District to perform this agreed-upon procedures engagement and conducted our engagement in accordance with the attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on these C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended 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.

Bourgeois Bennett, L.L.C.

Certified Public Accountants

Houma, Louisiana,
August 3, 2022.

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

Terrebonne Parish Recreation District No. 11

For the year ended December 31, 2021

The required procedures and our findings are as follows:

Procedures Performed on the District's Written Policies and Procedures:

1. Obtain the District's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the District does not have any written policies and procedures), as applicable:
 - a) Budgeting, including preparing, adopting, monitoring, and amending the budget.
Performance: Obtained and read the written policy for budgeting and found it to address all the functions listed above.
Exceptions: There were no exceptions noted.
 - b) Purchasing, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
Performance: Obtained and read the written policy for purchasing and found it to address all the functions listed above.
Exceptions: There were no exceptions noted.
 - c) Disbursements, including processing, reviewing, and approving.
Performance: Obtained and read the written policy for disbursements and found it to address all the functions listed above.
Exceptions: There were no exceptions noted.
 - d) Receipts/Collections, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
Performance: Obtained and read the written policy for receipts.
Exceptions: The policy states deposits shall be made no less than once a week. Deposits should be made no less than once a day.

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

- e) Payroll/Personnel, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
Performance: Obtained and read the written policy for payroll and personnel and found it to address all the functions listed above.
Exceptions: There were no exceptions noted.

- f) Contracting, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
Performance: Obtained and read the purchasing handbook for contracting.
Exceptions: The contracting policy does not include subcategories regarding standard terms and conditions and legal review.

- g) Credit Cards (and debit cards, fuel cards, P-Cards, if applicable), including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
Performance: Obtained and read the written policy for credit cards and found it to address all the functions listed above.
Exceptions: There were no exceptions noted.

- h) Travel and expense reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
Performance: Obtained and read the written policy for travel and expense reimbursement and found it to address all the functions listed above.
Exceptions: There were no exceptions noted.

- i) Ethics, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the District's ethics policy.
Performance: Obtained and read the written policy for ethics.
Exceptions: There were no exceptions noted.

- j) Debt Service, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
Performance: Obtained and read the written debt service policy.
Exceptions: There was an exception noted. The District did not have this policy during the fiscal period.

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

- k) Information Technology Disaster Recovery/Business Continuity, including (1) identification of critical data and frequency of data backups; (2) storage of backups in a separate physical location isolated from the network; (3) periodic testing/verification that backups can be restored; (4) use of antivirus software on all systems; (5) timely application of all available system and software patches/updates; and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Performance: Obtained and read the written disaster recovery/business continuity policy.

Exceptions: There was an exception noted. The District did not have this policy during the fiscal period.

- l) Sexual Harassment, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Performance: Obtained and read the written sexual harassment policy.

Exceptions: There was an exception noted. The District did not have this policy during the fiscal period.

Procedures Performed on the District's Board:

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

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

Performance: Obtained and read the written minutes of the Board meetings.

Exceptions: There were no meetings in September through November due to no quorum.

- b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.

Performance: Obtained and read the written minutes of the Board meetings.

Exceptions: There was a lack of quorum for meetings in September through November due to Hurricane Ida. Also, April 2021 meeting lacked a quorum.

Procedures Performed on the District's Board: (Continued)

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

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

Exceptions: There were no exceptions noted.

Procedures Performed on the District's Bank Reconciliations:

3. Obtain a listing of the District's bank accounts from management and management's representation that the listing is complete. Ask management to identify the main operating account. Select the District's main operating account and select 4 additional accounts (or all accounts if less than 5). Select one month from the fiscal period, obtain, and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

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

Exceptions: There were no exceptions noted.

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

Performance: Obtained monthly bank reconciliation for the month of December for the operating bank account and 4 additional accounts selected. Inspected management's documentation for timely preparation of the bank reconciliations.

Exceptions: There were no exceptions noted.

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

Performance: Inspected the District's documentation for the December bank reconciliation for the 5 bank accounts selected.

Exceptions: There were no exceptions noted.

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

- 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.

Performance: Inspected documents for items outstanding for more than 12 months. Through inquiry of the client, it was noted that every year the District tries to contact the payee on the outstanding checks and reissue checks if possible. If unable to reissue checks, the District turns over any check outstanding more than 4 years to the state.

Exceptions: There was one bank account with 3 outstanding checks for more than 12 months dating back to as early as 2018.

Procedures Performed on the District's Collections (Excluding Electronic Funds Transfers):

- 4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/check/money order (cash) are prepared and management's representation that the listing is complete. Select 5 deposit sites (or all deposit sites if less than 5).

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

Exceptions: There were no exceptions noted.

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

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

Exceptions: There were no exceptions noted.

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

Performance: Inspected policy manuals, inquired of management, and observed employees do not share cash drawers.

Exceptions: There were no exceptions noted.

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

Performance: Inspected policy manuals, inquired of management, and observed receipts and general ledger transactions.

Exceptions: There were no exceptions noted.

**Procedures Performed on the District's Collections (Excluding Electronic Funds Transfers):
(Continued)**

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

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

- Exceptions: There were no exceptions noted.

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

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

- Exceptions: There were no exceptions noted.

- 6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was enforced during the fiscal period.

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

- Exceptions: Management stated the District has a bond or insurance policy but was unable to provide a copy.

- 7. Select 2 deposit dates for each of the District's 5 bank accounts selected for procedures #3 under "Procedures Performed on the District's Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates selected and select a deposit if multiple deposits were made on the same day). Obtain supporting documentation for each of the 10 deposits selected and:

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

- Performance: Obtained supporting documentation for the selected deposits and observed that receipts were sequentially pre-numbered.

- Exceptions: The receipts are not sequentially pre-numbered.

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

- Performance: Traced supporting documentation to the deposit ticket, deposit receipt, and bank interest receipt.

- Exceptions: The receipts were not pre-numbered.

**Procedures Performed on the District's Collections (Excluding Electronic Funds Transfers):
(Continued)**

- c) Trace the deposit slip total to the actual deposit per the bank statement.
Performance: Traced deposit slip total to actual deposit per bank statement.
Exceptions: There were no exceptions noted.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
Performance: Observed that the deposits tested were made within one business day of receipt.
Exceptions: Date of deposits were outside of the allotted amount of time for the receipts.

- e) Trace the actual deposit per the bank statement to the general ledger.
Performance: Traced the actual deposit per the bank statement to the general ledger.
Exceptions: There was no exception noted.

Procedures Performed on the District's Non-Payroll Disbursements (Excluding Card Purchases/Payments, Travel Reimbursements, and Petty Cash Purchases):

- 8. Obtain a listing of locations that process payments for the fiscal period, and management's representation that the listing is complete. Select 5 locations (or all locations if less than 5).
Performance: Obtained listing of locations that process payments for the fiscal period from management.
Exceptions: There were no exceptions noted.

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

- a) At least 2 employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
Performance: Obtained a listing of employees involved in non-payroll purchasing and payment functions and reviewed written policies and procedures related to employee job duties. Observed if the job duties were properly segregated.
Exceptions: There were no exceptions noted.

Procedures Performed on the District's Non-Payroll Disbursements (Excluding Card Purchases/Payments, Travel Reimbursements, and Petty Cash Purchases): (Continued)

- b) At least 2 employees are involved in processing and approving payments to vendors.
Performance: Obtained a listing of locations that process payments for the fiscal period from management. Observed at least 2 employees are involved.
Exceptions: There were no exceptions noted.

- c) The employees responsible for processing payments are prohibited from adding/modifying vendor files unless another employee is responsible for periodically reviewing changes to vendor files.
Performance: Obtained a listing of employees involved in processing payments to vendors. Observed if any employee is responsible for periodically reviewing changes to vendor files.
Exceptions: Only 1 employee has the ability to modify vendor files. This same employee is also involved in processing and approving payments to vendors. No other employee is responsible for reviewing changes to the 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.
Performance: Obtained a listing of employees involved with signing and mailing checks.
Exceptions: There were no exceptions noted.

- 10. For each location selected under #8 above, obtain the District's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Select 5 disbursements for each location, obtain supporting documentation for each transaction and:
Performance: Obtained the District's general ledger for the fiscal period and obtained management's representation in a separate letter.
Exceptions: There were no exceptions noted.

- a) Observe that the disbursement matched the related original itemized invoice/billing statement, and supporting documentation indicates deliverables included on the invoice were received by the entity.
Performance: Obtained the disbursement and observed that the disbursement and the related original invoice/billing statement were in agreement.
Exceptions: There were no exceptions noted.

Procedures Performed on the District's Non-Payroll Disbursements (Excluding Card Purchases/Payments, Travel Reimbursements, and Petty Cash Purchases): (Continued)

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.
Performance: Obtained the disbursement documentation and observed for proper segregation of duties as listing under #9 above.
Exceptions: There were no exceptions noted.

Procedures Performed on the District's Credit Cards/Debit Cards/Fuel Cards/P-Cards:

- 11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
Performance: Obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards. Also, received management's representation in a separate letter that the listing is complete.
Exceptions: There were no exceptions noted.
- 12. Using the listing prepared by management, select 5 cards (or all cards if less than 5) that were used during the fiscal period, rotating cards each year. Select one monthly statement or combined statement for each card (for a debit card, select one monthly bank statement), obtain supporting documentation, and:
 - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.
Performance: Observed evidence that the monthly statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.
Exceptions: The monthly statement is being approved by the card holder.
 - b) Observe that finance charges and/or late fees were not assessed on the selected statements.
Performance: Observed that finance charges and/or late fees were not assessed on the selected statements.
Exceptions: There were no exceptions noted.

**Procedures Performed on the District's Credit Cards/Debit Cards/Fuel Cards/P-Cards:
(Continued)**

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, 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).
- a) For each transaction, report whether the transaction is supported by:
- 1) An original itemized receipt that identifies precisely what was purchased.
Performance: Observed an original itemized receipt that identifies precisely what was purchased.
Exceptions: None of the transactions examined were supported by an original itemized receipt.
 - 2) Written documentation of the business/public purpose.
Performance: Observed written documentation of the business/public purpose.
Exceptions: There were no exceptions noted.
 - 3) Documentation of the individuals participating in meals (for meal charges only).
Performance: We examined statement details and noted meals were not purchased on the selected statements.
Exceptions: There were no exceptions noted.

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

14. Obtain from management a listing of all travel and related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- Performance: Obtained a list of all travel and travel expense reimbursement and received management's representation in a separate letter.
Exceptions: There were no exceptions noted. They did not have travel expenses or travel expense reimbursements during the fiscal period.
- 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).
- Performance: No travel related expense reimbursements were noted.
Exceptions: There were no exceptions noted.

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

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
Performance: No travel related expense reimbursements were noted.
Exceptions: There were no exceptions noted.
- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedures #1h).
Performance: No travel related expense reimbursements were noted.
Exceptions: There were no exceptions noted.
- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving the reimbursement.
Performance: No travel related expense reimbursements were noted.
Exceptions: There were no exceptions noted.

Procedures Performed on the District's 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. Obtain management's representation that the listing is complete. Select 5 contracts (or all contracts if less than 5) from the listing, and:
Performance: Observed the listing of contracts in effect during the fiscal year from management and received management's representation of completeness in a separate letter.
Exceptions: There were no exceptions noted. The District did not have any contracts during the fiscal period.
- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
Performance: No agreements/contracts were noted.
Exceptions: There were no exceptions noted.
- b) Observe that the contract was approved by the governing body/District Council, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
Performance: No agreements/contracts were noted.
Exceptions: There were no exceptions noted.

Procedures Performed on the District's Contracts: (Continued)

- c) If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment.
Performance: No agreements/contracts were noted.
Exceptions: There were no exceptions noted.
- d) Select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.
Performance: No agreements/contracts were noted.
Exceptions: There were no exceptions noted.

Procedures Performed on the District's 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. Select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
Performance: Obtained the listing of employees with their related salaries from management and received management's representation in a separate letter. Randomly selected 5 employees and agreed paid salaries and to authorized salaries/pay rates per the personnel files.
Exceptions: There were no exceptions noted.
- 17. Select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
Performance: Selected one pay period to test leave taken during that period. Inspected all daily attendance and leave record for proper documentation.
Exceptions: There were no exceptions noted.
 - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
Performance: Inspected the approval of attendance and leave by the supervisors for the selected employees/officials.
Exceptions: There were no exceptions noted.

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

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

- Performance: Inspected any leave accrued or taken during the pay period was reflected in the cumulative leave records.

- Exceptions: There were no exceptions noted.

- d) Observe that the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

- Performance: Inspected and agreed the rate paid to employees to the pay rate in the personnel files.

- Exceptions: There were no exceptions noted.

- 18. Obtain from management a list of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Select 2 employees/officials, obtain related documentation of the hours, and pay rates used in management's termination payment calculations, agree the hours to the employees'/officials' cumulative leave records, and agree the pay rates to the employees'/officials' authorized pay rates in the employees'/officials' personnel files.

- Performance: Inquired of management of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. There were no termination payments given within the year.

- Exceptions: There were no exceptions noted.

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

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

- Exceptions: There were no exceptions noted.

Procedure Performed on the District's Ethics:

20. Using the 5 selected employees/officials from procedure #16 under "Procedures Performed on the District's Payroll and Personnel", obtain ethics compliance documentation from management and:
- a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
Performance: Observed the ethics course completion certificates for the 5 employees tested.
Exceptions: The files of 3 of the 5 employees tested lacked documentation demonstrating completion of ethics training during the year.
 - b) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the District's ethics policy during the fiscal period.
Performance: Observed the documentation demonstrating the employees and officials agree to the ethics training and policy. There were no changes to the ethics policy.
Exceptions: There were no exceptions noted.

Procedures Performed on the District's Debt Service:

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that the State Bond Commission approval was obtained for each bond/note issued.
Performance: Inquired of management regarding a listing of bonds/notes issued during the fiscal period, none were noted.
Exceptions: There were no exceptions noted.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.
Performance: Inquired of management regarding a listing of bonds/notes outstanding at the end of the fiscal period, and traced results into the District's general ledger.
Exceptions: There were no exceptions noted.

Other Procedures Performed on the District:

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

Performance: Inquired of management of any misappropriations of public funds and assets during the fiscal period, none were noted.

Exceptions: There were no exceptions noted.

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

Performance: Inspected the fraud notice posted on the premises and website concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Exceptions: The District does not have a fraud notice posted on the premises or on its website.

Procedures Performed on the District's Information Technology Disaster Recovery/Business Continuity:

25. Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management".

- a) Obtain and inspect the District's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

Performance: The procedure was performed, and results discussed with management.

Exceptions: There were no exceptions noted.

- b) Obtain and inspect the District's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

Performance: The procedure was performed, and results discussed with management.

Exceptions: There were no exceptions noted.

Procedures Performed on the District's Information Technology Disaster Recovery/Business Continuity: (Continued)

- c) Obtain a listing of the District's computers currently in use, and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

Performance: The procedure was performed, and results discussed with management.

Exceptions: There were no exceptions noted.

Procedures Performed on the District's Sexual Harassment:

- 26. Using the 5 randomly selected employees/officials from procedure #16 under "Procedures Performed on the District's Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

Performance: Inquired of sexual harassment training documentation from management.

Exceptions: None of the employees/officials selected completed at least one hour of sexual harassment training during the year.

- 27. Observe that the District has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the District's premises if the District does not have a website).

Performance: Inquired of management regarding the sexual harassment policy and complaint procedure on its website.

Exceptions: The District does not have a sexual harassment policy and complaint procedure on its website or premises.

- 28. Obtain the District's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that it includes the applicable requirements of R.S. 42:344:

- a) Number and percentage of public servants in the agency who have completed the training requirements;

Performance: Inquired of management regarding the District's annual sexual harassment report for the fiscal period.

Exceptions: The District did not have any reports dated on or before February 1, 2022.

Procedures Performed on the District's Sexual Harassment: (Continued)

- b) Number of sexual harassment complaints received by the agency;
Performance: Inquired of management regarding the District's annual sexual harassment report for the fiscal period.
Exceptions: The District did not have any reports dated on or before February 1, 2022.
- c) Number of complaints which resulted in a finding that sexual harassment occurred;
Performance: Inquired of management regarding the District's annual sexual harassment report for the fiscal period.
Exceptions: The District did not have any reports dated on or before February 1, 2022.
- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
Performance: Inquired of management regarding the District's annual sexual harassment report for the fiscal period.
Exceptions: The District did not have any reports dated on or before February 1, 2022.
- e) Amount of time it took to resolve each complaint.
Performance: Inquired of management regarding the District's annual sexual harassment report for the fiscal period.
Exceptions: The District did not have any reports dated on or before February 1, 2022.

Management's Overall Response to Exceptions:

- 1d) Management will consider revising the policy on frequency of depositing collections to once a day.
- 1f) Management will consider adding the required provisions to the existing contracting policy.
- 1j) Management will consider drafting a debt service policy.
- 1k) Management will consider adding a disaster recovery/business continuity policy.
- 1l) Management will be adding a sexual harassment policy.
- 2a & b)
Management will stress the importance that the board/finance committee meets with a quorum for every meeting in the next year.
- 3c) Management will consider providing documentation that items that have been outstanding for more than 12 months has been researched.

Management's Overall Response to Exceptions: (Continued)

- 6) Management will provide documentation of the bond or insurance policy for theft.
- 7a) Management will consider providing receipts that are sequentially pre-numbered.
- 7b) Management will ensure documentation for the receipt includes the pre-numbered sequence and is attached to applicable receipts.
- 7d) Management will consider making deposits with one business day of receipt.
- 9c) Management will consider delegation of responsibility for adding or modifying vendors to someone not responsible for processing payments.
- 12a) Management will ensure that monthly statements and supporting documentation are reviewed and approved, in writing, by someone other than the authorized card holder.
- 13) Management will consider providing an original itemized receipt that identifies precisely what was purchased.
- 20a) Management will ensure that employees' personnel files document completion of the one hour of ethics training during the fiscal period.
- 24) Management will ensure that the fraud notice required by R.S. 24:523.1 is posted on the premise and website.
- 26) Management will consider implementing one hour of sexual harassment training.
- 27) Management will consider adding the sexual harassment policy on its website and on the premise.
- 28a-e)
Management will consider preparing and submitting the annual sexual harassment report next year.