

Financial Report

Terrebonne Parish Recreation District No. 4
Dulac, Louisiana

December 31, 2020

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners,
Terrebonne Parish Recreation District No. 4,
Dulac, Louisiana.

We have audited the accompanying financial statements of the governmental activities and the General Fund of Terrebonne Parish Recreation District No. 4, State of Louisiana (the "District"), a component unit of Terrebonne Parish Consolidated Government, State of Louisiana, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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 General Fund of Terrebonne Parish Recreation District No. 4 as of December 31, 2020, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 10 and the Schedule of Changes in the District's Total OPEB Liability and Related Ratios on page 36 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information, on page 37, is presented for the purpose 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 May 17, 2021 on our consideration of Terrebonne Parish Recreation District No. 4's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
May 17, 2021.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Terrebonne Parish Recreation District No. 4

December 31, 2020

The Management's Discussion and Analysis of the Terrebonne Parish Recreation District No. 4's financial performance presents a narrative overview and analysis of the District's financial activities for the year ended December 31, 2020. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The District's assets exceeded its liabilities at the close of fiscal year 2020 by \$2,021,899 (net position), which represents a 13.76% increase from last fiscal year.

The District's revenues decreased \$91,095 (or 13.26%) primarily due to the decreases in ad valorem taxes and intergovernmental revenues.

The District's expenses decreased \$186,861 (or 34.73%) primarily due to decreases in culture and recreation expenses.

The District did not have a deficit fund balance.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

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

Government-wide Financial Statements

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

Fund Financial Statements

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

Governmental Funds

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

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, 2020, assets exceeded liabilities by \$2,021,899. A large portion of the District's net position (50.21%) reflects its net investment in capital assets (e.g., land; and construction in progress; buildings; improvements; office furniture, fixtures and equipment; machinery and equipment). Consequently, these assets are not available for future spending.

Condensed Statements of Net Position

	<u>December 31,</u>		<u>Dollar</u>
	<u>2020</u>	<u>2019</u>	<u>Change</u>
Current and other assets	\$ 1,662,068	\$ 1,594,313	\$ 67,755
Capital assets	1,015,192	908,065	107,127
Deferred outflows of resources	12,944	24,614	(11,670)
Total assets and deferred outflows of resources	<u>2,690,204</u>	<u>2,526,992</u>	<u>163,212</u>
Long term liabilities	66,725	127,844	(61,119)
Other liabilities	5,480	45,830	(40,350)
Deferred inflows of resources	596,100	576,041	20,059
Total liabilities and deferred inflows of resources	<u>668,305</u>	<u>749,715</u>	<u>(81,410)</u>
Net position:			
Net investment in capital assets	1,015,192	908,065	107,127
Unrestricted	1,006,707	869,212	137,495
Total net position	<u>\$ 2,021,899</u>	<u>\$ 1,777,277</u>	<u>\$ 244,622</u>

As of December 31, 2020, capital assets increased due to the purchase of the land located across from the gym, behind the old Grand Caillou Middle School.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Governmental Activities

Governmental activities increased the District's net position by \$244,622. Key elements of this increase are as follows:

Condensed Statements of Activities

	<u>December 31,</u>		<u>Dollar</u>	<u>Total</u>
	<u>2020</u>	<u>2019</u>	<u>Change</u>	<u>Percent</u>
				<u>Change</u>
Revenues:				
Taxes	\$ 581,816	\$ 629,168	\$ (47,352)	-7.53%
Intergovernmental	8,667	44,843	(36,176)	-80.67%
Charges for services	-	6,399	(6,399)	-100.00%
Miscellaneous	5,338	6,506	(1,168)	-17.95%
Total revenues	<u>595,821</u>	<u>686,916</u>	<u>(91,095)</u>	-13.26%
Expenses:				
General government	24,382	49,721	(25,339)	-50.96%
Culture and recreation	326,817	488,339	(161,522)	-33.08%
Total expenses	<u>351,199</u>	<u>538,060</u>	<u>(186,861)</u>	-34.73%
Increase in net position	244,622	148,856	95,766	64.33%
Net position:				
Beginning of year	<u>1,777,277</u>	<u>1,628,421</u>	<u>148,856</u>	9.14%
End of year	<u>\$2,021,899</u>	<u>\$1,777,277</u>	<u>\$244,622</u>	13.76%

The Statement of Activities provides answers to the nature and source of changes in net position. In 2020, the District's total revenues decreased by \$91,095 because of decreases in tax revenues and intergovernmental revenues, due to closures related to Coronavirus (COVID-19). Also, during the year ended December 31, 2020, expenses decreased by \$186,861 primarily due to decreases in culture and recreation expenses, resulting from not having day camp and pool activities during the COVID-19 pandemic.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND

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

Governmental Funds

The focus of the District's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the District's General Fund's ending unassigned fund balance is \$833,659, which is an increase of \$108,227 in comparison with the prior year. The unassigned balance is available for spending at the District's discretion. The increase in unassigned fund balance is largely the result of the excess of revenues over expenses of \$131,467 net of the increase in the assignment of the 2021 budgeted spending deficit of \$275,494 over the prior year.

General Fund Budgetary Highlights

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

Revenues

- Ad valorem revenue was decreased \$35,242, to reflect the anticipated revenues to be recognized for the year.

Expenditures

- Other services and charges increased \$45,700, due to anticipated increases in miscellaneous expenses across the District.
- Capital outlay decreased \$50,500 for actual capital purchases.

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's net investment in capital assets for its governmental activities as of December 31, 2020, amounts to \$1,015,192 (net of accumulated depreciation). This net investment in capital assets includes land, construction in progress, buildings, improvements, office furniture, fixtures, and equipment, and machinery and equipment.

	<u>2020</u>	<u>2019</u>
Land	\$ 265,390	\$ 150,390
Construction in progress	-	2,951
Buildings	985,343	985,343
Improvements other than buildings	734,972	683,912
Machinery and equipment	317,240	317,240
Office furniture, fixtures, and equipment	<u>29,949</u>	<u>29,184</u>
Totals	<u>\$ 2,332,894</u>	<u>\$ 2,169,020</u>

The major capital asset events for the current year consisted of:

- Purchase of land at 6741 Grand Caillou Road, property located across from the gym, behind the old Grand Caillou Middle School

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

Long-Term Obligations

Other post-employment benefit obligations decreased from \$127,844 to \$66,725 as of December 31, 2020 due to changes in other postemployment benefits.

More detailed information about the District's other postemployment benefits is presented in Note 9, Exhibit F of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

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

- The ad valorem tax revenue budgeted represents the estimated amount of the November 2020 assessment, which the District will receive, for the most part, in January 2021.
- The District will continue to make improvements, renovations and repairs to the facilities maintained by the District. This includes the gym, swimming pool, tennis courts, ballfields, park, and walking track.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Board of Directors of the Terrebonne Parish Recreation District No. 4, 106 Recreation Dr., Dulac, LA 70353.

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

Terrebonne Parish Recreation District No. 4

December 31, 2020

	General Fund	Adjustments (Exhibit B)	Statement of Net Position
Assets			
Cash	\$ 224,150	\$ -	\$ 224,150
Investments	898,629	-	898,629
Receivables:			
Taxes	267,160	-	267,160
Due from other governmental units	272,129	-	272,129
Capital assets:			
Non-depreciable	-	265,390	265,390
Depreciable, net of accumulated depreciation	-	749,802	749,802
Total assets	1,662,068	1,015,192	2,677,260
Deferred outflows of resources:			
Other postemployment benefits	-	12,944	12,944
Total assets and deferred outflows of resources	1,662,068	1,028,136	2,690,204
Liabilities			
Accounts payable and accrued expenditures	5,480	-	5,480
Long term liabilities:			
Due in more than one year	-	66,725	66,725
Total liabilities	5,480	66,725	72,205
Deferred inflows of resources:			
Unavailable revenue - property taxes	547,435	-	547,435
Other postemployment benefits	-	48,665	48,665
Total deferred inflows of resources	547,435	48,665	596,100
Total liabilities and deferred inflows of resources	552,915	115,390	668,305
Fund Balance/Net Position			
Fund balance:			
Assigned - subsequent year's expenditures	275,494	(275,494)	-
Unassigned	833,659	(833,659)	-
Total fund balance	1,109,153	(1,109,153)	-
Total liabilities and fund balance	\$ 1,662,068		
Net position:			
Net investment in capital assets		1,015,192	1,015,192
Unrestricted		1,006,707	1,006,707
Total net position		\$ 2,021,899	\$ 2,021,899

See notes to financial statements.

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

Terrebonne Parish Recreation District No. 4

For the year ended December 31, 2020

Fund Balances - Governmental Fund	\$ 1,109,153
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.	
Governmental capital assets	\$ 2,332,894
Less accumulated depreciation	<u>(1,317,702)</u>
	1,015,192
Deferred outflows of resources used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	
Other postemployment benefit obligation	12,944
Long term liabilities are not due and payable in the current period and therefore are not reported in the government fund.	
Other postemployment benefit obligation	(66,725)
Deferred inflows of resources are not due and payable in the current period and are not reported in governmental funds.	
Other postemployment benefit obligations	<u>(48,665)</u>
Net Position of Governmental Activities	<u><u>\$ 2,021,899</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. 4

For the year ended December 31, 2020

	General Fund	Adjustments (Exhibit D)	Statement of Activities
Revenues			
Taxes	\$ 581,816	\$ -	\$ 581,816
State of Louisiana:			
State revenue sharing	8,667	-	8,667
Miscellaneous:			
Interest	5,289	-	5,289
Other	49	-	49
	<u>595,821</u>	<u>-</u>	<u>595,821</u>
Total revenues			
Expenditures/Expenses			
Current:			
General government:			
Ad valorem tax adjustment	4,979	-	4,979
Ad valorem tax deductions	19,403	-	19,403
	<u>24,382</u>	<u>-</u>	<u>24,382</u>
Total general government			
Culture and recreation:			
Personal services	116,056	(6,028)	110,028
Supplies and materials	21,768	-	21,768
Other services and charges	99,802	-	99,802
Repairs and maintenance	35,521	2,951	38,472
Depreciation	-	56,747	56,747
	<u>273,147</u>	<u>53,670</u>	<u>326,817</u>
Total culture and recreation			
Capital outlay	166,825	(166,825)	-
	<u>464,354</u>	<u>(113,155)</u>	<u>351,199</u>
Total expenditures/expenses			
Excess of Revenues over Expenditures	131,467	(131,467)	-
Change in Net Position	-	244,622	244,622
Fund Balance/Net Position			
Beginning of year	977,686	799,591	1,777,277
	<u>\$ 1,109,153</u>	<u>\$ 912,746</u>	<u>\$ 2,021,899</u>
End of year			

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. 4

For the year ended December 31, 2020

Net Change in Fund Balance - Governmental Fund	\$ 131,467
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay	\$ 166,825
Depreciation expense	<u>(56,747)</u>
	110,078
The net effect of miscellaneous transactions involving capital assets, such as dispositions, trade-ins and donations, is to decrease capital assets.	
Disposal of capital assets	(2,951)
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>6,028</u>
Change in Net Position of Governmental Activities	<u><u>\$ 244,622</u></u>

See notes to financial statements.

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

Terrebonne Parish Recreation District No. 4

For the year ended December 31, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes	\$ 580,000	\$ 544,758	\$ 581,816	\$ 37,058
Intergovernmental				
State of Louisiana:				
State revenue sharing	2,500	2,500	8,667	6,167
Terrebonne Parish Consolidated Government	23,000	23,000	-	(23,000)
Charges for services	6,700	6,700	-	(6,700)
Miscellaneous:				
Interest	3,800	3,800	5,289	1,489
Other	-	-	49	49
Total revenues	<u>616,000</u>	<u>580,758</u>	<u>595,821</u>	<u>15,063</u>
Expenditures				
Current:				
General government:				
Ad valorem tax adjustment	2,844	2,844	4,979	(2,135)
Ad valorem tax deductions	5,290	5,290	19,403	(14,113)
Total general government	<u>8,134</u>	<u>8,134</u>	<u>24,382</u>	<u>(16,248)</u>
Culture and recreation:				
Personal services	215,520	215,520	116,056	99,464
Supplies and materials	53,500	53,500	21,768	31,732
Other services and charges	137,100	182,800	99,802	82,998
Repairs and maintenance	42,500	47,300	35,521	11,779
Total culture and recreation	<u>448,620</u>	<u>499,120</u>	<u>273,147</u>	<u>225,973</u>
Capital outlay	<u>411,500</u>	<u>361,000</u>	<u>166,825</u>	<u>194,175</u>
Total expenditures	<u>868,254</u>	<u>868,254</u>	<u>464,354</u>	<u>403,900</u>
Excess (Deficit) of Revenues Over Expenditures	(252,254)	(287,496)	131,467	418,963
Fund Balance				
Beginning of year	<u>611,070</u>	<u>977,686</u>	<u>977,686</u>	<u>-</u>
End of year	<u>\$ 358,816</u>	<u>\$ 690,190</u>	<u>\$ 1,109,153</u>	<u>\$ 418,963</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**Terrebonne Parish Recreation District No. 4**

December 31, 2020

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Terrebonne Parish Recreation District No. 4 (the "District") conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of significant accounting policies:

a) Reporting Entity

The District is a component unit of the Terrebonne Parish Consolidated Government (the "Parish") and as such, these financial statements will be included in the comprehensive annual financial report (CAFR) of the Parish for the year ended December 31, 2020.

GASB No. 14, *"The Financial Reporting Entity"*, GASB 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 Statements No. 14 and No. 34* established the criterion for determining which component units should be considered part of the District for financial reporting purposes. The basic criteria are as follows:

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Reporting Entity (Continued)

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

b) Basis of Presentation

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

Government-wide Financial Statements:

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

Fund Financial Statements:

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

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

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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Measurement Focus and Basis of Accounting (Continued)

Government-wide Financial Statements:

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

Fund Financial Statements:

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

Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Ad valorem taxes and the related state revenue sharing (intergovernmental revenue) are recognized as revenue in the period for which levied, thus the 2020 property taxes which are being levied to finance the 2021 budget will be recognized as revenue in 2021. The 2020 tax levy is recorded as unavailable revenue in the District's 2020 financial statements. Charges for services are recorded when earned since they are measurable and available. Miscellaneous revenues are recorded as revenues when received in cash by the District because they are generally not measurable until actually received.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Allocations of cost such as depreciation are not recognized in the governmental funds.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Louisiana Revised Statutes 39:1303, the Board of Commissioners (the "Board") adopted a budget for the District's General Fund. Any amendment involving the transfer of monies from one function to another or increases in expenditures must be approved by the Board. The District amended its budget once during the year. All budgeted amounts that are not expended, or obligated through contracts, lapse at year-end.

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

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

f) Accounts Receivable

The financial statements for the District do not contain an 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 consist of certificates of deposit which are stated at cost, the approximate market value.

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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Capital Assets (Continued)

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 \$350 or more and a useful life greater than one year are valued at historical cost, or estimated historical cost if actual cost is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

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

Buildings	10 - 40 years
Improvements other than buildings	10 - 30 years
Machinery and equipment	5 - 25 years
Office furniture, fixtures, and equipment	5 - 20 years

Fund Financial Statements:

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

i) Deferred Outflows/Inflows of Resources

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Deferred Outflows/Inflows of Resources (Continued)

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, and other postemployment benefits.

j) Vacation and Sick Leave

Employees of the District can earn 96 hours or 136 hours of vacation leave, depending on their length of employment. Accumulated vacation leave is due to the employee at the time of termination or death. The vacation policy provides that on his or her anniversary date the employee will be allowed to carry over 96 hours or 136 hours maximum each year. Employees of the District earn 56 hours sick leave per year and are permitted to accumulate a maximum of 480 hours. Upon retirement, termination or death employees are not compensated for accumulated sick leave. Accumulated vacation as of December 31, 2020 is not material to the financial statements.

k) Equity

Government-wide Statements:

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

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets, if any. As of December 31, 2020 the District had no outstanding borrowings.
- b. Restricted net position - Consists of assets and deferred outflow of resources less liabilities and deferred inflow of resources (net position) with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets".

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Equity (Continued)

Government-wide Statements: (Continued)

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. As of December 31, 2020 and for the year then ended, the District did not have or receive restricted resources.

Fund Financial Statements:

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

- a. Non-spendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to maintain intact.
- b. Restricted - amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- c. Committed - amounts that can be used only for specific purposes determined by a formal action of the District's Board of Commissioners. Commitments may be established, modified, or rescinded only through resolutions approved by the District's Board of Commissioners.
- d. Assigned - amounts that do not meet the criteria to be classified as either restricted or committed but are intended to be used for specific purposes. Assignments 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 assigned and unassigned as of December 31, 2020. Fund balance assigned for subsequent year's expenditures is to finance the proposed operating deficit in the budget for the year ending December 31, 2021.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I) New GASB Statements

Statement No. 95, "*Postponement for the Effective Dates of Certain Authoritative Guidance*" provides temporary relief to governments and other stockholders in light of the Coronavirus (COVID-19). That objective is accomplished by postponing the effective dates of certain statements and implementation guides to those dates reported below.

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

Statement No. 89, "*Accounting for Interest Cost Incurred before the End of a Construction Period*" establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, "*Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*", which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Management has not yet determined the effect of this Statement on the financial statements.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I) New GASB Statements (Continued)

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. The requirements of this Statement are effective for reporting period beginning after December 15, 2020. 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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I) New GASB Statements (Continued)

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.

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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I) New GASB Statements (Continued)

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.

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.

Note 2 - DEPOSITS

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

Note 2 - DEPOSITS (Continued)

Bank Deposits:

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

The year-end balances of deposits are as follows:

	Bank Balances	Reported Amounts
Cash	\$ 229,619	\$ 224,150
Investments - certificates of deposit	898,629	898,629
Totals	\$ 1,128,248	\$ 1,122,779

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 follows state law but does not have a written policy for custodial credit risk but does comply with state law in custodial activities. As of December 31, 2020, \$534,100 of the District's bank balance of \$1,128,248 was exposed to custodial credit risk. These deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, and are deemed to be held in the District's name by state statutes.

As of December 31, 2020, cash and certificates of deposit in excess of FDIC insurance were adequately collateralized in accordance with state law, by securities held by unaffiliated banks for the account of the District. The GASB, which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities subject to custodial credit risk.

Even though the pledged securities are considered subject to custodial credit risk under the provisions of GASB Statement 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

Note 3 - PROPERTY TAXES

Property taxes are levied each November 1 on the assessed value listed as of the prior January 1 for all real property, merchandise and movable property located in the Parish. Assessed values are established by the Terrebonne Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A 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, 2020 was \$6.91 per \$1,000 of assessed valuation on property within Recreation District No. 4 for the purpose of maintaining and operating recreational facilities within the District. As indicated in Note 1c, taxes levied November 1, 2020 are for budgeted expenditures in 2021 and will be recognized as revenues in 2021.

Note 4 - DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units as of December 31, 2020 consisted of the following:

State of Louisiana - State revenue sharing	\$ 6,330
Terrebonne Parish Tax Collector - December 2020 collections remitted to the District in January 2021:	
Ad valorem taxes	262,635
State revenue sharing	<u>3,164</u>
Total	<u>\$272,129</u>

Note 5 - CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2020 was as follows:

	Balance January 1, 2020	Additions	Deletions/ Transfers	Balance December 31, 2020
Capital assets not being depreciated:				
Land	\$ 150,390	\$ 115,000	\$ -	\$ 265,390
Construction in progress	2,951	-	2,951	-
Total capital assets not being depreciated	<u>153,341</u>	<u>115,000</u>	<u>2,951</u>	<u>265,390</u>
Capital assets being depreciated:				
Buildings	985,343	-	-	985,343
Improvements other than buildings	683,912	51,060	-	734,972
Machinery and equipment	317,240	-	-	317,240
Office furniture, fixtures, and equipment	29,184	765	-	29,949
Total capital assets being depreciated	<u>2,015,679</u>	<u>51,825</u>	<u>-</u>	<u>2,067,504</u>
Less accumulated depreciation for:				
Buildings	(504,242)	(14,990)	-	(519,232)
Improvements other than buildings	(571,124)	(11,360)	-	(582,484)
Machinery and equipment	(163,842)	(28,399)	-	(192,241)
Office furniture, fixtures, and equipment	(21,747)	(1,998)	-	(23,745)
Total accumulated depreciation	<u>(1,260,955)</u>	<u>(56,747)</u>	<u>-</u>	<u>(1,317,702)</u>
Total capital assets being depreciated, net	<u>754,724</u>	<u>(4,922)</u>	<u>-</u>	<u>749,802</u>
Total capital assets, net	<u>\$ 908,065</u>	<u>\$ 110,078</u>	<u>\$ 2,951</u>	<u>\$ 1,015,192</u>

Depreciation amounting to \$56,747 was recorded as cultural and recreation expenses for the year ended December 31, 2020.

Note 6 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenditures as of December 31, 2020 consisted of the following:

Vendors	\$ 3,113
Payroll taxes	<u>2,367</u>
Total governmental funds	<u>\$ 5,480</u>

Note 7 - LEASE COMMITMENTS

The District has a ten year operating lease for use of land for recreational purposes which terminates May 31, 2024, for an annual rental of \$800. The District has the option for an additional five years at an annual rental rate of \$900, and a second five year option at an annual rental rate of \$1,000.

The District does not have the right to assign or sublet this lease to anyone other than a public body who shall use the property for recreational purposes. Within 30 days after termination of the lease, the District shall remove any and all buildings and/or improvements placed on the premises. Failure to remove such items shall cause items to become property of the lessor without any obligation on its part. Rent expense for the District during 2020 was \$800.

Note 8 - RISK MANAGEMENT

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

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

Coverage for general liability claims in excess of the above stated limits are to be funded first by assets of the Parish's risk management internal service fund, \$2,252,213 as of December 31, 2019, then secondly by the District.

The Parish is self-insured for the first \$175,000 of each claim relating to group health insurance. The aggregate deductible for all group claims relating to group insurance for 2019 was \$16,375,093. Insurance contracts cover the excess liability on individual claims. There is no lifetime maximum claims limit for covered employees. Coverage for

Note 8 - RISK MANAGEMENT (Continued)

group health claim liabilities are to be funded first by assets of the Parish's group health internal service fund, \$2,290,142 as of December 31, 2019, then secondly by the District.

Worker's compensation claims in excess of \$600,000 are covered under an insurance contract for claims aggregate up to limits are to be funded first by assets of the Parish's workers' compensation internal service fund. As of December 31, 2020, the District had no claims in excess of the above coverage limits. Expenditures for premiums to the Parish for insurance coverages during the year ended December 31, 2020 totaled \$40,167.

Note 9 - 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 retired 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.

District employees retiring on or after January 1, 2005 and before January 1, 2014 with at least ten years of permanent full-time creditable service in the Parochial Employees Retirement System with the District shall be eligible to participate in the Plan approved by the Board of Commissioners under the following vesting schedule: 11 to 15 years of service, 27.50 % plus 2.75% per year; 16 to 20 years of service 41.25% plus 3.75% per year of service; 21 years or more of service, 60% plus 5.00% per year of service over 20 years of service, limited to 85% of the premium. Employees hired after December 31, 2013 with at least 30 years of permanent full-time creditable service, age 55 and 5 years of participation in the District's group health insurance plan immediately prior to retirement shall be eligible to participate in the approved Plan with benefits limited to 80% of the premium. A retired employee may provide dependent hospitalization coverage at applicable dependent rates. To be eligible for coverage after retirement, retired employees must be eligible for retirement under Parochial Employees' Retirement System. The District currently has one active employee and no retirees in the Plan. The District does not issue a publicly available financial report on the Plan.

Note 9 - POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

Plan Description (Continued)

The District's total OPEB liability of \$66,725 was measured as of December 31, 2020 and was determined by an actuarial valuation as of January 1, 2020.

Total OPEB Liability

Actuarial Assumptions and Other Inputs

The total OPEB liability as of December 31, 2020 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, 2020
Actuarial Valuation Date	January 1, 2020
Inflation	2.50%
Salary Increases, Including Inflation	3.00%
Discount Rate	2.00%
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, 2020 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 9 - POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance as of December 31, 2019	\$ 127,844
Changes for the year:	
Service cost	1,961
Interest	2,261
Difference between expected and actual experience	(9,900)
Changes in assumptions and other inputs	(7,122)
Change in proportion	(40,559)
Benefit payments	(7,760)
Net changes	(61,119)
Balance as of December 31, 2020	\$ 66,725

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.

	1.00% Decrease (1.00%)	Current Discount Rate (2.00%)	1.00% Increase (3.00%)
Total OPEB Liability	\$ 80,299	\$ 66,725	\$ 56,281

Note 9 - 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>\$ 55,155</u>	<u>\$ 66,725</u>	<u>\$ 82,449</u>

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

For the year ended December 31, 2020 the District recognized OPEB expense of \$6,028. As of December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflow of Resources</u>
Difference between expected and actual experience	\$ 1,520	\$ (8,233)
Change in assumptions	9,062	(7,879)
Change in proportion	<u>2,362</u>	<u>(32,553)</u>
Totals	<u>\$ 12,944</u>	<u>\$ (48,665)</u>

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

<u>Year Ending December 31,</u>	<u>Amount</u>
2021	\$ (6,245)
2022	(6,245)
2023	(12,056)
2024	<u>(11,175)</u>
Total	<u>\$ (35,721)</u>

Note 10 - DEFERRED COMPENSATION PLAN

The District offers its director participation in the Louisiana Public Employees Deferred Compensation Plan adopted by the Louisiana Deferred Compensation Commission and established in accordance with Internal Revenue Code Section 457. Complete disclosures relating to the Plan are included in the separately issued audit report for the Plan, available from the Louisiana Legislative Auditor, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397. The District's contribution to the Plan for the year ended December 31, 2020 was \$5,323.

Note 11 - COMPENSATION OF BOARD MEMBERS

The following amounts were paid to Board Members for the year ended December 31, 2020 are as follows:

<u>Board Members</u>	<u>Number of Meetings Attended</u>	<u>Per Diem</u>
Pamela Carlos	8	\$ 200
Lawrence Gautier	8	200
Louis Pitre	0	- *
Coy Verdin	0	-
Janie Voisin	8	200
Kirby Verret	9	225
Total		\$ 825

* Louis Pitre waived his right to receive a per diem.

Note 12 - STATE OF LOUISIANA TAX ABATEMENTS

The District's ad valorem tax revenues were reduced by \$31,318 under agreements entered into by the State of Louisiana.

Note 13 - SUBSEQUENT EVENTS

Management evaluates events occurring subsequent to the date of financial statements in determining the accounting for and disclosure of transactions and events that effect the financial statements. Subsequent events have been evaluated through May 17, 2021, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION SECTION

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

Terrebonne Parish Recreation District No. 4

For the three years ended December 31, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability			
Service cost	\$ 1,961	\$ 1,995	\$ 4,433
Interest	2,261	2,720	6,460
Difference between expected and actual experience	(9,900)	3,995	(958)
Changes in assumptions or other inputs	(7,122)	23,821	(6,684)
Change in proportion	(40,559)	3,000	(96,840)
Benefit payments	<u>(7,760)</u>	<u>(3,478)</u>	<u>(2,687)</u>
Net change in total OPEB liability	(61,119)	32,053	(96,276)
Total OPEB liability, beginning of year	<u>127,844</u>	<u>95,791</u>	<u>192,067</u>
Total OPEB liability, end of year	<u>\$ 66,725</u>	<u>\$ 127,844</u>	<u>\$ 95,791</u>
Covered employee payroll	<u>\$ 51,007</u>	<u>\$ 58,910</u>	<u>\$ 50,644</u>
Total OPEB liability as a percentage of covered employee payroll	<u>130.82%</u>	<u>217.02%</u>	<u>189.15%</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:

<u>2.00%</u>	<u>2.75%</u>	<u>3.71%</u>
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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.

SUPPLEMENTARY INFORMATION

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

Terrebonne Parish Recreation District No. 4

For the year ended December 31, 2020

Agency Head Name: Craig Luke, Director

Purpose

Salary	\$ 51,007
Benefits - insurance	22,771
Benefits - retirement	5,323
Benefits - other	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Travel	-
Reimbursements - mileage	3,575
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Meals	-
	<hr/>
	<u>\$ 82,676</u>

Note:

Craig Luke is the Director of the District and functions as the Chief Executive Officer.

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Commissioners,
Terrebonne Parish Recreation District No. 4,
Dulac, 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 the General Fund of Terrebonne Parish Recreation District No. 4 (the "District"), a component unit of Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise District's financial statements and have issued our report thereon dated May 17, 2021.

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 District's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weakness or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be 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,
May 17, 2021.

SCHEDULE OF FINDINGS AND RESPONSES

Terrebonne Parish Recreation District No. 4

For the year ended December 31, 2020

Section I - Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? Yes No

b) Federal Awards

Terrebonne Parish Recreation District No. 4 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 Guidance*.

Section II - Financial Statement Findings

No financial statement findings were noted during the audit for the year ended December 31, 2020.

Section III Federal Award Findings and Questioned Costs

Not applicable.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

Terrebonne Parish Recreation District No. 4

For the year ended December 31, 2020

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, 2019.

No significant deficiencies were reported during the audit for the year ended December 31, 2019.

Compliance and Other Matters

No compliance findings material to the financial statements were reported during the audit for the year ended December 31, 2019.

Section II - Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Recreation District No. 4 did not expend federal awards in excess of \$750,000 during the year ended December 31, 2019 and therefore is exempt from the audit requirements under the *Uniform Guidance*.

Section III - Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 2019.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Terrebonne Parish Recreation District No. 4

For the year ended December 31, 2020

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, 2020.

No significant deficiencies were reported during the audit for the year ended December 31, 2020.

Compliance and Other Matters

No compliance findings material to the financial statements were reported during the audit for the year ended December 31, 2020.

Section II - Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Recreation District No. 4 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 Guidance*.

Section III - Management Letter

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