

Financial Report

Terrebonne Parish Recreation District No. 4

Dulac, Louisiana

For the year ended December 31, 2018

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners,
Terrebonne Parish Recreation District No. 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, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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, 2018, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Policy

As discussed in Notes 1o and Note 8 to the financial statements, the District adopted new guidance in Governmental Accounting Standards Board Statement No. 75 (GASBS 75), *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The effect of adopting GASBS 75 was to restate opening net position as of January 1, 2019 by \$173,243. Furthermore, during the year ended December 31, 2018, the District adopted an optional Medicare Advantage (MA) plan, which 70% of Plan retirees elected to participate. The effect of the change in benefits to the MA plan reduced the OPEB expense by \$2,687.

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 27, 2019 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 27, 2019.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Terrebonne Parish Recreation District No. 4

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, 2018. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The District's assets exceeded its liabilities at the close of fiscal year 2018 by \$1,628,421 (net position), which represents a 20.67% increase from last fiscal year, following the restatement for implementation of GASBS No. 75.

The District's revenue increased \$144,022 (or 28.03%) primarily due to the decrease in ad valorem taxes and intergovernmental revenue.

The District's expenses decreased \$100,211 (or 20.92%) 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.

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

Government-wide Financial Statements (Continued)

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 10 - 14 of this report.

Notes to the Financial Statements

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. As of December 31, 2018, assets exceeded liabilities by \$1,628,421. A large portion of the District's net position (55.49%) 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

	December 31, 2018	2017	Dollar Change
Current and other assets	\$ 1,498,281	\$ 1,500,883	\$ (2,602)
Capital assets	903,654	616,571	287,083
Total assets	\$ 2,401,935	\$ 2,117,454	\$ 284,481
Long term liabilities	\$ 95,791	\$ 192,067	\$ (96,276)
Other liabilities	54,430	8,673	45,757
Deferred inflows of resources	623,293	567,186	56,107
Total liabilities and deferred inflows of resources	\$ 773,514	\$ 767,926	\$ 5,588
Net Position:			
Net investment in capital assets	\$ 903,654	\$ 616,571	\$ 287,083
Unrestricted	724,767	732,957	(8,190)
Total net position	\$ 1,628,421	\$ 1,349,528	\$ 278,893

As of December 31, 2018, capital assets increased \$287,083 over the prior year. The increase is primarily due to the completion of the bathroom facility. Also, long-term liabilities and net position as of December 31, 2017 were restated by \$173,243 for the implementation of GASBS No. 75.

Governmental Activities

Governmental activities increased the District's net position by \$278,893. Key elements of this increase are as follows:

Condensed Statement of Activities

	For the Year Ended December 31,		Dollar	Total
	2018	2017	Change	Percent Change
Revenues:				
Taxes	\$ 578,150	\$ 480,495	\$ 97,655	20.32%
Intergovernmental	68,915	22,708	46,207	203.48%
Charges for services	5,092	9,116	(4,024)	-44.14%
Miscellaneous	5,650	1,466	4,184	285.40%
Total revenues	<u>657,807</u>	<u>513,785</u>	<u>144,022</u>	28.03%
Expenses:				
General government	23,271	24,645	(1,374)	-5.58%
Culture and recreation	355,643	454,479	(98,836)	-21.75%
Total expenses	<u>378,914</u>	<u>479,124</u>	<u>(100,210)</u>	-20.92%
Increase in net position	<u>278,893</u>	<u>34,661</u>	<u>244,232</u>	704.63%
Net position, as previously reported	1,349,528	1,488,110	(138,582)	-9.31%
Implementation of GASBS No. 75	<u>-</u>	<u>(173,243)</u>	<u>173,243</u>	-100.00%
Net position, beginning of year, restated	<u>1,349,528</u>	<u>1,314,867</u>	<u>34,661</u>	2.64%
Net position, end of year	<u>\$ 1,628,421</u>	<u>\$ 1,349,528</u>	<u>\$ 278,893</u>	20.67%

In 2018, there was an increase from prior years' ad valorem tax revenue recognized by the District. The increase in 2018 ad valorem tax revenue is a result of the 2017 ad valorem tax millage being more than the 2016. The decrease in general government expenses was due primarily to the District's ad valorem tax adjustments for uncollected taxes. The decrease in culture and recreation expenses was primarily caused by a change to a Medicare Advantage plan from a PPO plan in the District's OPEB plan.

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.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND (Continued)

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 \$512,972, which is a decrease of \$65,148 in comparison with the prior year. The unassigned balance is available for spending at the District's discretion. The decrease in unassigned fund balance is largely the result of the assignment of the 2019 budgeted spending deficit of \$313,954.

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 increased \$55,911, to reflect the anticipated revenues to be recognized for the year.
- Summer camp revenue was increased \$9,000, to reflect revenue actually received from Terrebonne Parish Consolidated Government.

Expenditures

- Personal services increased \$17,080 in anticipation of increases in wages and benefits.
- Other services and charges increased \$43,450, to reflect anticipated increases in utilities and recreation program expenses.
- Repairs and maintenance increased \$3,000, due to incurring more repairs and maintenance at the building than originally anticipated.
- Capital outlay decreased \$16,000, 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, 2018, amounts to \$903,654 (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>2018</u>	<u>2017</u>
Land	\$ 84,503	\$ 84,503
Construction in Progress	2,951	28,603
Buildings	985,343	606,782
Improvements other than buildings	683,912	682,912
Machinery and equipment	319,471	319,471
Office furniture, fixtures, and equipment	<u>28,056</u>	<u>28,056</u>
Totals	<u>\$ 2,104,236</u>	<u>\$ 1,750,327</u>

Major capital asset events during the current fiscal year included the following:

- New bathroom facility at 106 Chippy Lane for \$378,561.
- Pool improvements of \$1,000.

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

Long-Term Obligations

Other post-employment benefit obligations increased \$76,967 to \$95,791 as of December 31, 2018 due to the implementation of GASB No. 75, *"Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pension"*.

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 2018 assessment, which the District will receive, for the most part, in January 2019.
- 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, 2018

	General Fund	Adjustments (Exhibit B)	Statement of Net Position
Assets			
Cash	\$ 163,170		\$ 163,170
Investments	748,629		748,629
Receivables:			
Taxes	175,549		175,549
Due from other governmental units	410,933		410,933
Capital assets:			
Non-depreciable	-	\$ 87,454	87,454
Depreciable, net of accumulated depreciation	-	816,200	816,200
Total assets	\$ 1,498,281	903,654	2,401,935
Liabilities			
Accounts payable and accrued expenditures	\$ 54,430	-	54,430
Long term liabilities			
Due in more than one year	-	95,791	95,791
Total liabilities	54,430	95,791	150,221
Deferred inflows of resources			
Unavailable revenue - property taxes	616,925	-	616,925
Other postemployment benefits	-	6,368	6,368
Total deferred inflows of resources	616,925	6,368	623,293
Total liabilities and deferred inflows of resources	671,355	102,159	773,514
Fund Balance/Net Position			
Fund balance:			
Assigned - subsequent year's expenditures	313,954	(313,954)	-
Unassigned	512,972	(512,972)	-
Total fund balance	826,926	(826,926)	-
Total liabilities and fund balance	\$ 1,498,281		
Net position:			
Net investment in capital assets		903,654	903,654
Unrestricted		724,767	724,767
Total net position		\$ 1,628,421	\$ 1,628,421

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, 2018

Fund Balances - Governmental Fund		\$ 826,926
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.</p>		
Governmental capital assets	\$ 2,104,236	
Less accumulated depreciation	<u>(1,200,582)</u>	903,654
<p>Long term liabilities are not due and payable in the current period and therefore are not reported in the government fund.</p>		
Other postemployment benefit obligation		(95,791)
<p>Deferred inflows of resources are not due and payable in the current period and are not reported in governmental funds</p>		
Other postemployment benefit obligations		<u>(6,368)</u>
Net Position of Governmental Activities		<u><u>\$ 1,628,421</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, 2018

	General Fund	Adjustments (Exhibit D)	Statement of Activities
Revenues			
Taxes	\$ 578,150		\$ 578,150
Intergovernmental:			
Federal - FEMA grant	37,125		37,125
State of Louisiana:			
State revenue sharing	8,790		8,790
Terrebonne Parish Consolidated Government	23,000		23,000
Charges for services	5,092		5,092
Miscellaneous:			
Interest	5,545		5,545
Other	105		105
Total revenues	657,807		657,807
Expenditures/Expenses			
Current:			
General government:			
Ad valorem tax adjustment	3,986		3,986
Ad valorem tax deductions	19,285		19,285
Total general government	23,271		23,271
Culture and recreation:			
Personal services	189,060	\$ (89,908)	99,152
Supplies and materials	41,854	-	41,854
Other services and charges	116,202	-	116,202
Repairs and maintenance	31,609	-	31,609
Depreciation	-	66,826	66,826
Total culture and recreation	378,725	(23,082)	355,643
Capital outlay	353,909	(353,909)	-
Total expenditures/expenses	755,905	(376,991)	378,914
Deficit of Revenues over Expenditures	(98,098)	98,098	-
Change in Net Position	-	278,893	278,893
Fund Balance/Net Position			
Beginning of year, as restated	925,024	424,504	1,349,528
End of year	\$ 826,926	\$ 801,495	\$ 1,628,421

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, 2018

Net Change in Fund Balance - Governmental Fund **\$ (98,098)**

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	\$ 353,909	
Depreciation expense	<u>(66,826)</u>	287,083

Some expenditures reported in the Statement of Activities
do not require the use of current financial resources
and therefore are not reported as expenditures in
governmental funds.

Decrease in other post employment benefits		<u>89,908</u>
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Change in Net Position of Governmental Activities **\$ 278,893**

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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes	\$ 475,000	\$ 530,911	\$ 578,150	\$ 47,239
Intergovernmental:				
Federal - FEMA grant	-	-	37,125	37,125
State of Louisiana:				
State revenue sharing	2,500	2,500	8,790	6,290
Terrebonne Parish Consolidated Government	14,000	23,000	23,000	-
Charges for services	9,100	5,692	5,092	(600)
Miscellaneous:				
Interest	600	4,400	5,545	1,145
Other	-	57	105	48
Total revenues	<u>501,200</u>	<u>566,560</u>	<u>657,807</u>	<u>91,247</u>
Expenditures				
Current:				
General government:				
Ad valorem tax adjustment	2,844	2,844	3,986	(1,142)
Ad valorem tax deductions	5,290	5,290	19,285	(13,995)
Total general government	<u>8,134</u>	<u>8,134</u>	<u>23,271</u>	<u>(15,137)</u>
Culture and recreation:				
Personal services	208,520	225,600	189,060	36,540
Supplies and materials	51,200	52,000	41,854	10,146
Other services and charges	115,250	158,700	116,202	42,498
Repairs and maintenance	47,500	50,500	31,609	18,891
Total culture and recreation	<u>422,470</u>	<u>486,800</u>	<u>378,725</u>	<u>108,075</u>
Capital outlay	<u>417,500</u>	<u>401,500</u>	<u>353,909</u>	<u>47,591</u>
Total expenditures	<u>848,104</u>	<u>896,434</u>	<u>755,905</u>	<u>140,529</u>
Excess (Deficit) of Revenues Over Expenditures	<u>(346,904)</u>	<u>(329,874)</u>	<u>(98,098)</u>	<u>231,776</u>
Fund Balance				
Beginning of year	<u>829,566</u>	<u>925,024</u>	<u>925,024</u>	<u>-</u>
End of year	<u>\$ 482,662</u>	<u>\$ 595,150</u>	<u>\$ 826,926</u>	<u>\$ 231,776</u>

See notes to financial statements.

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

December 31, 2018

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, 2018.

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 continue to be 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 2018 property taxes which are being levied to finance the 2019 budget will be recognized as revenue in 2019. The 2018 tax levy is recorded as unavailable revenue in the District's 2018 financial statements. Charges for services are recorded when earned since they are measurable and available. Miscellaneous revenues are recorded as revenues when received in cash by the District because they are generally not measurable until actually received.

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 Inflows of Resources

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources until that time. The governmental fund reports unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District reports unavailable revenue 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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2018 is not material to the financial statements.

k) Fund 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, 2018 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."

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, 2018 and for the year then ended, the District did not have or receive restricted resources.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Fund Equity (Continued)

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, 2018. Fund balance assigned for subsequent year's expenditures is to finance the proposed operating deficit in the budget for the year ending December 31, 2019.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l) Restatement of Net Position

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

The statement had the following impact on previously reported balances:

<u>Statement of Activities</u>	<u>Governmental Activities</u>
Net position, January 1, 2018, as previously stated	\$ 1,522,771
Restatement for implementation of GASB Statement No. 75, see Note 1m	<u>(173,243)</u>
Net position, January 1, 2018, restated	<u>\$ 1,349,528</u>

m) New GASB Statements

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

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m) New GASB Statements (Continued)

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

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

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

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

Statement No. 84, "*Fiduciary Activities*" improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity; and (2) the beneficiaries with whom a fiduciary relationship exists.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m) New GASB Statements (Continued)

Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 87, "*Leases*" increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. Management has not yet determined the effect of this Statement on the financial statements.

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m) New GASB Statements (Continued)

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

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

Note 2 - DEPOSITS

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)

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	\$ 170,688	\$ 163,170
Investments - certificates of deposit	748,629	748,629
Totals	\$ 919,317	\$ 911,799

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a written policy for custodial credit risk but does comply with state law in custodial activities. As of December 31, 2018, \$384,100 of the District's bank balance of \$919,317 was exposed to custodial credit risk. These deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, and are deemed to be held in the District's name by state statutes.

As of December 31, 2018, cash 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 reevaluation of all property is required to be completed no less than every four years. The last reevaluation was completed for the list of January 1, 2016. Taxes are due and payable December 31 with interest being charged on payments after January 1. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which the taxes have not been paid are sold for the amount of the taxes. The tax rate for the year ended December 31, 2018 was \$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, 2018 are for budgeted expenditures in 2019 and will be recognized as revenues in 2019.

Note 4 - DUE FROM OTHER GOVERNMENTAL UNITS

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

State of Louisiana - State revenue sharing	\$ 5,865
Terrebonne Parish Tax Collector - December 2018 collections remitted to the District in January 2019:	
Ad valorem taxes	402,135
State revenue sharing	<u>2,933</u>
 Total	 <u>\$ 410,933</u>

Note 5 - CHANGES IN CAPITAL ASSETS

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

	Balance January 1, 2018	Additions	Deletions/ Transfers	Balance December 31, 2018
Capital assets not being depreciated:				
Land	\$ 84,503	\$ -	\$ -	\$ 84,503
Construction in progress	28,603	352,909	378,561	2,951
Total capital assets not being depreciated	<u>113,106</u>	<u>352,909</u>	<u>378,561</u>	<u>87,454</u>
Capital assets being depreciated:				
Buildings	606,782	378,561	-	985,343
Improvements other than buildings	682,912	1,000	-	683,912
Machinery and equipment	319,471	-	-	319,471
Office furniture, fixtures, and equipment	28,056	-	-	28,056
Total capital assets being depreciated	<u>1,637,221</u>	<u>379,561</u>	<u>-</u>	<u>2,016,782</u>
Less accumulated depreciation for:				
Buildings	(477,471)	(11,255)	-	(488,726)
Improvements other than buildings	(531,867)	(23,161)	-	(555,028)
Machinery and equipment	(106,303)	(30,173)	-	(136,476)
Office furniture, fixtures, and equipment	(18,115)	(2,237)	-	(20,352)
Total accumulated depreciation	<u>(1,133,756)</u>	<u>(66,826)</u>	<u>-</u>	<u>(1,200,582)</u>
Total capital assets being depreciated, net	<u>503,465</u>	<u>312,735</u>	<u>-</u>	<u>816,200</u>
Total capital assets, net	<u>\$ 616,571</u>	<u>\$ 665,644</u>	<u>\$ 378,561</u>	<u>\$ 903,654</u>

Note 6 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenditures as of December 31, 2018 consisted of the following:

Vendors	\$ 51,834
Payroll taxes	<u>2,596</u>
Total governmental funds	<u>\$ 54,430</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 2018 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. The District could have additional exposure for claims in excess of the Parish's insurance contracts as described below:

Coverage Policy	Limits
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, \$4,706,219 as of December 31, 2017, then secondly by the District.

The Parish is self-insured for the first \$175,000 of each claim relating to group health insurance. The aggregate deductible for all group claims relating to group insurance for 2017 was \$18,310,378. Insurance contracts cover the excess liability on individual claims. Covered employees are subject to a lifetime maximum claims limit. Coverage for group health claim liabilities are to be funded first by assets of the Parish's group health internal service fund, \$550,247 as of December 31, 2017, then secondly by the District.

Note 8 - RISK MANAGEMENT (Continued)

Worker's compensation claims in excess of \$550,000 are covered under an insurance contract for claims aggregate up to limits are to be funded first by assets of the Parish's workers' compensation internal service fund. As of December 31, 2018, the District had no claims in excess of the above coverage limits. Expenditures for premiums to the Parish for insurance coverage's during the year ended December 31, 2018 totaled \$38,149.

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. Eligible retirees can continue their health coverage by an election at retirement. Retirees are not eligible to rejoin at any other time. 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 75. 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 with at least ten years of permanent full-time creditable service in the Parochial Employees Retirement System with the District shall be eligible to participate in the Plan approved by the Board of Commissioners under the following vesting schedule: 10 years of service, 27.5%, 11 to 15 years of service, 27.50 % 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 4.25% per year of service over 20 years of service, limited to 80% of the premium. Employees hired after January 1, 2013 and retiring with at least 30 years of permanent full-time creditable service shall be eligible to participate in the approved Plan with benefits limited to 80% of the premium. A retired employee may provide dependent hospitalization coverage at applicable dependent rates. To be eligible for coverage after retirement, retired employees must be eligible for retirement under 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)

The District's total OPEB liability of \$95,791 was measured as of December 31, 2018 and was determined by an actuarial valuation as of January 1, 2018.

Total OPEB Liability

Actuarial Assumptions and Other Inputs

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

Measurement date	December 31, 2018
Actuarial valuation date	January 1, 2018
Inflation	2.50%
Salary increases, including inflation	3.00%
Discount rate	3.71%
Healthcare cost trend rates	Medical - 7.00% in year 1 decreasing in decrements of 0.50% per year until 5.00% through year 5
	Dental - 4.00% in year 1 decreasing in decrements of 0.25% per year until 3.00% through year 5.

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

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

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

Effective January 1, 2019, retirees age 65 and over have the option of enrolling in a Medicare Advantage plan. Since the legal matters and enrollment changes were completed prior to December 31, 2018, the District has reflected the change in benefits at the December 31, 2018 measurement date resulting in 70.00% of eligible retirees moving from the PPO plans. The change in benefit options by 70.00% of retirees resulted in a direct reduction of the total OPEB liability of \$96,840 and was the primary input to the net reduction in OPEB liability of \$96,276 to a balance of \$95,791 as of December 31, 2018.

Note 9 - POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance as of December 31, 2017, as previously stated	\$ 18,824
Implementation of GASB No. 75	<u>173,243</u>
Balance as of December 31, 2017, restated	<u>192,067</u>
Changes for the year:	
Service cost	4,433
Interest	6,460
Difference between expected and actual experience	(958)
Changes in assumptions or other inputs	(6,684)
Change in benefit terms	(96,840)
Benefit payments	<u>(2,687)</u>
Net changes	<u>(96,276)</u>
Balance as of December 31, 2018	<u>\$ 95,791</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.

	1.00% Decrease (2.71%)	Current Discount Rate (3.71%)	1.00% Increase (4.71%)
Total OPEB Liability	<u>\$ 113,847</u>	<u>\$ 95,791</u>	<u>\$ 81,628</u>

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>\$ 79,863</u>	<u>\$ 95,791</u>	<u>\$ 116,842</u>

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

For the year ended December 31, 2018 the District recognized OPEB credit of \$89,908. As of December 31, 2018, the District reported deferred outflows or resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflow of Resources</u>
Difference between expected and actual experience	\$	\$ (798)
Change in assumptions	<u> </u>	<u>(5,570)</u>
Total	<u>\$ -</u>	<u>\$ (6,368)</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>
2019	\$ (1,274)
2020	(1,273)
2021	(1,273)
2022	(1,274)
2023	<u>(1,274)</u>
Total	<u>\$ (6,368)</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, 2018 was \$4,591.

Note 11 - COMPENSATION OF BOARD MEMBERS

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

<u>Board Members</u>	<u>Number of Meetings Attended</u>	<u>Per Diem</u>
Pamela Carlos	9	\$ 225
Lawrence Gautier	12	300
Louis Pitre	12	- *
Janie Trosclair	10	250
Kirby Verret	12	<u>300</u>
Total		<u>\$ 1,075</u>

* 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 \$52,509 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 27, 2019, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

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

Terrebonne Parish Recreation District No. 4

For the year ended December 31, 2018

Total OPEB liability	
Service cost	\$ 4,433
Interest	6,460
Difference between expected and actual experience	(958)
Changes in assumptions or other inputs	(6,684)
Changes of benefit terms	(96,840)
Benefit payments	<u>(2,687)</u>
Net Change in total OPEB liability	(96,276)
Total OPEB liability, beginning of year, restated	<u>192,067</u>
Total OPEB liability, end of year	<u>\$ 95,791</u>
Covered employee payroll	<u>\$ 50,644</u>
Total OPEB liability as a percentage of covered employee payroll	<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 3.71%

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, 2018

Agency Head Name: Craig Luke

Purpose	Amount
Salary	\$ 55,598
Benefits - insurance	22,343
Benefits - retirement	-
Benefits - other	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Travel	-
Reimbursements- Milage	2,313
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Meals	-
	<u>\$ 80,254</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") as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise District's financial statements and have issued our report thereon dated May 27, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
May 27, 2019.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

Terrebonne Parish Recreation District No. 4

For the year ended December 31, 2018

Section I Internal Control and Compliance Material to the Financial Statements

Internal Control

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

Compliance

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

Section II Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Recreation District No. 4 did not expend federal awards in excess of \$750,000 during the year ended December 31, 2017 and therefore is exempt from the audit requirements under the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

Section III Management Letter

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

MANAGEMENT'S CORRECTIVE ACTION PLAN

Terrebonne Parish Recreation District No. 4

For the year ended December 31, 2018

Section I Internal Control and Compliance Material to the Financial Statements

Internal Control

No material weaknesses were noted during the audit for the year ended December 31, 2018. No significant deficiencies were reported during the audit for the year ended December 31, 2018.

Compliance

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

Section II Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Recreation District No. 4 did not expend federal awards in excess of \$750,000 during the year ended December 31, 2018 and therefore is exempt from the audit requirements under the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 2018.

STATEWIDE AGREED-UPON PROCEDURES

INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures described in Schedule 2, which were agreed to by the Terrebonne Parish Recreation District No. 4 (the "District") and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the year ended December 31, 2018. The Board's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with the attestation standards established by the Association of International Certified Professional Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures referred to above, either for the purpose for which this report has been requested, or for any other purpose.

The procedures and associated findings are described in Schedule 2.

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

The purpose of this report is to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 23:513, this report is distributed by the LLA as a public document.

Bourgeois Bennett, L.L.C.
Certified Public Accountants

Houma, Louisiana,
May 27, 2019.

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

Terrebonne Parish Recreation District No. 4

For the year ended December 31, 2018

The required procedures and our findings are as follows:

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

1. Obtain the District's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the District does not have any written policies and procedures), as applicable:

a) Budgeting, including preparing, adopting, monitoring, and amending the budget

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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.

Exceptions: The policy did not contain a provision about controls to ensure compliance with public bid law and documentation required to be maintained for all bids and price quotes.

Management's response: Management will consider adding these provisions to their existing policy.

c) Disbursements, including processing, reviewing, and approving.

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

Exceptions: It was noted that the policy was not called a disbursement policy, but instead was in other policies and procedures called "Mail Procedures."

Management's response: Management will consider drafting a separate policy to outline disbursements.

Procedures performed on the District's written policies and procedures: (Continued)

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

Performance: Obtained and read the written policy for receipts/collections.

Exceptions: Although the client has an approved receipts policy, it does not contain the provisions listed above for all types of receipts. It only lists receiving, recording, and preparation of deposits for pool collections and wrestling event collections. It does not reference summer camp receipts.

Management's response: Management will consider updating receipts policy to contain all of the provisions listed above for summer camp receipts.

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

Performance: Obtained and read the written policy for payroll/personnel, and found it contained all listed requirements.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Inquire of management for a contracting policy

Exceptions: Management does not have a contracting policy.

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

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

Performance: Inquire of management for a credit card policy

Exceptions: Management stated no credit cards are owned by the District, therefore no policy is written.

Management's response: Management will consider drafting a credit card policy with provisions listed above for any future credit card use.

Procedures performed on the District's written policies and procedures: (Continued)

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

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

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

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

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

Performance: Obtained and read the written policy for ethics.

Exceptions: The District's ethics policy does not mention a system to monitor possible ethics violations, and the requirement for all, employees, including elected officials, should annually attest through signature verifications that they have read District's ethics policy.

Management's response: Management will consider adding these provisions to existing ethics policy.

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

Performance: Inquire of management for a debt service policy.

Exceptions: Management confirmed there is no debt service policy.

Management's response: Management will consider drafting a debt service policy.

Procedures performed on the District's Board:

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

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the District's Bank Reconciliations:

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Observed that a member of management or a board member reviewed each bank reconciliation.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Inspected documents for items outstanding for more than 12 months from the statement closing date.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the District's Collections:

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

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

Exceptions: The director is responsible for collecting cash at the wrestling event, and he also occasionally deposits cash as per the District's policy.

Management's response: Management will consider better segregation of duties through the cash collection process.

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- 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 and inquired of management and observed employees collecting cash are not responsible for making deposits.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Traced supporting documentation to the deposit slip.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Observed that the deposit site is more than ten miles from the collection location and noted that all deposits were made within one week of receipt.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

Performance: Inspected policy manuals and inquired of management and employees as to requirement listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Inspected policy manuals and inquired of management and employees as to requirement listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Inspected policy manuals and inquired of management and employees as to requirement listed above.

Exceptions: The Secretary has the ability to process payments. The Secretary is also the individual who adds vendors to the system.

Management's response: Management will consider improving segregation of duties of processing payment and adding vendors.

- 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: Inspected policy manuals and inquired of management and employees as to requirement listed above. The District requires dual signatures on all checks. The Chairman, Vice-Chairman, one other Board Member, and the Secretary have the authority to sign checks. One signature is required to be the Secretary and the other can be any of the remaining listed. The Secretary is responsible for processing payments. The Director is responsible for initiating purchases.

Exceptions: The Secretary has the ability to record purchases as well as sign checks.

Management's response: Management will consider ways to mitigate the lack of segregation of duties.

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

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Obtained the disbursement documentation and observed for proper segregation of duties as listed under #9 above.

Exceptions: Not all disbursements that were tested contained an authorized individual's signature or a date received.

Management's response: Management will make sure that all invoices will be initialed and dated for future periods.

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: Prior year testing resulted in no exceptions related to the District's credit cards, debit cards, fuel cards and p-cards. Therefore, testing was not required in the current year.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

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

Performance: Prior year testing resulted in no exceptions related to the District's credit cards, debit cards, fuel cards and p-cards. Therefore, testing was not required in the current year.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Prior year testing resulted in no exceptions related to the District's credit cards, debit cards, fuel cards and p-cards. Therefore, testing was not required in the current year.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select ten transactions (or all transactions if less than ten) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have ten 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: Prior year testing resulted in no exceptions related to the District's credit cards, debit cards, fuel cards and p-cards. Therefore, testing was not required in the current year.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

- 2) Written documentation of the business/public purpose.

Performance: Prior year testing resulted in no exceptions related to the District's credit cards, debit cards, fuel cards and p-cards. Therefore, testing was not required in the current year.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Prior year testing resulted in no exceptions related to the District's credit cards, debit cards, fuel cards and p-cards. Therefore, testing was not required in the current year.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

Performance: Obtained a list of all travel and travel related expense reimbursement, and received management's representation in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- 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: Selected 5 reimbursements and obtained the supporting documentation. Observed that the reimbursement rate agreed to those rates established either by the State of Louisiana or the U.S. General Services Administration

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

Performance: Selected 5 reimbursements and obtained the supporting documentation.

Observed that the reimbursement was supported by original itemized receipt.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedures #1h).

Performance: Selected 5 reimbursements and obtained the supporting documentation.

Observed that each reimbursement has evidence of documentation of the business/public purpose and other documentation required by written policy.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Selected 5 reimbursements and obtained the supporting documentation.

Observed that each reimbursement was reviewed and approved by someone other than the person receiving the reimbursement.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the District's Contracts:

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

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

Therefore, testing was not required in the current year.

Exceptions: Not applicable.

Management's response: Not applicable.

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

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

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

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

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

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

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

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

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

Procedures performed on the District's Payroll and Personnel:

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

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

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.

Management's response: Not applicable.

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

a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

Performance: Only one employee is allowed vacation and sick leave. Inspected daily attendance and leave records for proper documentation

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Inspected attendance and leave records for proper approval.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Inquired that management maintains written leave records and observed that any leave accrued or taken during selected pay period is included.

Exceptions: Management maintains the balance of leave, but they do not maintain the hours earned or used.

Management's response: Management will consider maintaining written leave records for the employee who can earn leave including the balance, hours earned, and hours used.

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. Randomly select two employees/officials', obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials personnel files.

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

Performance: Obtained a listing of all employees that terminated during the period from management and received management's representation in a separate letter. Randomly selected two employees/official's and obtained their personnel file. Traced hours and pay rates used in management's termination calculation to cumulative leave records and pay rates per the personnel file.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Obtained management's representation that payroll related taxes and benefits have been paid and forms filed by the required deadline in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedure performed on the District's Ethics:

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

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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 State Bond Commission approval was obtained for each bond/note issued.

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

Therefore, testing was not required in the current year.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

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

Therefore, testing was not required in the current year.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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 misappropriation(s) to the legislative auditor and the district attorney of the parish in which the District is domiciled.

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

24. Observe and report whether 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: Inquired and observed such notice posted on the premises and website.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.