

Bienville Parish Recreation District No. 1  
Arcadia, Louisiana

Annual Financial Statements  
For the Year Ended December 31, 2019

Bienville Parish Recreation District No. 1  
Annual Financial Statements  
As of and for the Year Ended December 31, 2019  
With Supplemental Information Schedules

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Bienville Parish Recreation District No. 1  
Management's Discussion and Analysis  
For the Year Ended December 31, 2019

As Management of the Bienville Parish Recreation District No. 1 (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District as of and for the year ended December 31, 2019. We encourage readers to consider the information presented here in conjunction with the District's basic financial statements and supplementary information provided in this report in assessing the efficiency and effectiveness of our stewardship of public resources.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* (“GASB No. 34”) issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

#### FINANCIAL HIGHLIGHTS

The assets of the District exceeded its liabilities at December 31, 2019, by \$1,325,170 (net position).

The District's net position decreased by \$38,236 as a result of this year's operations.

Total net position are comprised of the following:

Capital assets of \$817,070 which includes property and equipment, net of accumulated depreciation and related debt.

Unrestricted net position of \$508,100 represent the portion available to maintain the District's continuing obligations to citizens and creditors.

At December 31, 2019, the District's governmental funds consist solely of the District's general fund. The District's governmental funds reported a total ending fund balance of \$508,100, a decrease of \$26,804 including expenditures for capital assets. The entire fund balance is unreserved available for spending at the District's discretion.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis is intended to serve as an introduction to the District's basic financial statements. In accordance with GASB No. 34, the District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements.

**Government-wide Financial Statements.** The government-wide financial statements of the District report information about the District using accounting methods similar to those used by private sector companies. They present the financial picture of the District from an economic resources measurement focus using the accrual basis of accounting. These statements include all assets of the District (including capital assets) as well as all liabilities (including long-term obligations).

The *Statement of Net Position* presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

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The *Statement of Activities* presents the current year's revenues and expenses and other information showing how the District's net position changed during the year. The change in net position is 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 government-wide financial statements are presented on pages 8 and 10 of this report.

**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 District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are categorized as governmental funds.

**Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as, on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains one individual governmental fund - the general fund. The District adopts an annual appropriated budget for the general fund, and a budgetary comparison schedule is provided for the general fund to demonstrate compliance with this budget.

The governmental fund financial statements are presented on pages 8 and 10 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.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budget presentation. The general fund's budgetary comparison schedule is included as "required supplementary information." Required supplementary information is information that the accounting rules strongly suggest be presented within the District's financial report. This schedule demonstrates compliance with the District's adopted and final revised budget.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

The District implemented the new financial reporting model used in this report beginning with the calendar year ended December 31, 2009. Over time, as we accumulate year-to-year financial information on a consistent basis, changes in net position may be observed and used to discuss the changing financial position of the District as a whole.

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The District's net position at December 31, 2019, are summarized as follows:

The largest components of the Districts' total assets are: (1) capital assets (e.g., land, building, and improvements and equipments, net of accumulated depreciation) of \$844,810 or 61%; (2); and receivables of \$330,002 or 24%. Of the District's total liabilities, the largest component is capital lease payable of \$27,740 or 56%.

As noted earlier, net position (total assets less total liabilities) may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, the District's net position totaled \$1,325,170. A portion of the District's net position reflect its investments in capital assets (e.g., building, land, and equipment). Capital assets are non-liquid assets and cannot be utilized to satisfy the District's obligations. The unrestricted net position of the District are available for future use. The unrestricted net position is more than the total operating expenses for the fiscal year ended December 31, 2019, which indicate that the District should be able to operate for at least 12 months using its unrestricted net position.

The following is a condensed statement of the District's governmental-type activities net position as of December 31, 2019:

	<u>2019</u>	<u>2018</u>
Assets		
Current & Other Assets	\$529,717	\$560,093
Capital Assets (net)	<u>844,810</u>	<u>828,502</u>
Total Assets	<u>\$1,374,527</u>	<u>\$1,388,595</u>
Liabilities		
Other Liabilities	\$21,617	\$25,189
Capital lease payable	<u>27,740</u>	<u>25,189</u>
Total Liabilities	<u>49,357</u>	<u>25,189</u>
Net Position		
Invested in capital assets, net	817,070	828,502
Unrestricted	<u>508,100</u>	<u>534,904</u>
Total Net Position	<u>\$1,325,170</u>	<u>\$1,363,406</u>

Governmental activities decreased net position by \$38,236 for the year ended December 31, 2019.

Key elements of the analysis of government-wide revenues and expenses reflect the following:

The District is heavily dependent on property taxes to support its operations. Property taxes provided 45% of the District's total revenues. The District's operations are heavily staff oriented. As a result, employee salaries and benefits make up approximately 23% of the total expenses. Operating Services expenses comprise 70% of total expenses.

The following is a summary of the governmental-type statement of activities:

	<u>2019</u>	<u>2018</u>
Revenue		
Program Revenue	\$344,434	\$396,431
General Revenue & Transfers	<u>315,789</u>	<u>355,162</u>
Total Revenue	<u>660,223</u>	<u>751,593</u>

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	2019	2018
Expenses		
Program Expenses	698,459	698,126
Total Expenses	698,459	698,126
Increase (Decrease) in Net Position	(38,236)	53,467
Net Position, Beginning	1,363,406	1,309,939
Net Position, Ending	\$1,325,170	\$1,363,406

**FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS**

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The financial statements of the District present its General Fund. The General Fund is the District's operating fund and the source of day-to-day service delivery. As discussed, the General Fund is useful in assessing the resources available at the end of the year in comparison with upcoming requirements.

At December 31, 2019, the District's General Fund balance (total assets less total liabilities) totaled \$508,100. The District's unassigned fund balance decreased by \$26,804 in 2019.

Total operating revenues reflect an 11% or \$85,269 decrease in 2019 as compared to 2018.

Total operating expenses, including capital outlay, increased by 9% or \$61,118 from 2018 to 2019. The most significant increases in expenditures occurred in operating services which increased by \$22,963 and capital outlay by \$59,963.

**GENERAL BUDGETARY ANALYSIS**

The District employs formal budgetary integration as a management control device during the year. Budgeted amounts included in the Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget (Non-GAAP Basis) and Actual (Budgetary Basis) include the original adopted budget amounts and the final amended budget amounts. Original budgets for each year are adopted on or before December 31 of the year preceding the budget year. The original budget is based on estimated revenues, estimated expenses, and other financial information known to the District at the time of the adoption of the budget. Amendments to the original budget are made throughout the year as changes in operations, in expected funding levels, and in estimated expenditures occur. The final amended budget is prepared at the time the District anticipates no additional significant increases or decreases in revenues and expenses for the year and no expected changes in operations.

The difference between the final amended budgeted revenues and actual revenues for the year ended December 31, 2019, totaled \$30,333, a positive variance. The actual expenditures were more than the final amended budgeted expenditures for the year ended December 31, 2019, by \$29,441, a 4% negative variance.

**CAPITAL ASSETS AND LONG-TERM OBLIGATIONS**

**Capital Assets**

At the end of December 31, 2019, the District had invested in various capital assets, including equipment, buildings, improvements, and land. The capital assets are summarized below:

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Depreciable Assets:	
Buildings	\$111,830
Equipment	330,260
Improvements	956,677
Land	<u>400,000</u>
Totals	<u>1,798,767</u>
Less Accumulated Depreciation	<u>953,957</u>
Book-Value of Depreciable Assets	<u>\$844,810</u>

#### ECONOMIC FACTORS AND FUTURE OUTLOOK

The District's budgeted revenues and expenditures for 2020 are comparable to 2019's actual revenues and expenditures. The District does not anticipate any changes in its day-to-day operations that will have a material effect on its 2020 budget.

#### CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to show its accountability for the money it receives. If you have questions about this report or need additional financial information, contact Jonathan Harris, at the District's office, 400 Trails End Road, Arcadia, Louisiana 71001 or call at (318) 263-7420.

**WADE & PERRY**  
Certified Public Accountants  
A Professional Accounting Corporation  
Members: AICPA/ Society of LCPA's

Independent Auditor's Report

Board of Commissioners  
Bienville Parish Recreation District No. 1  
Arcadia, Louisiana

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities of Bienville Parish Recreation District No. 1 ("District"), as of and for the year ended December 31, 2019, 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 from 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes 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 opinions.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the District, as of December 31, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.



## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 1 through 5 and 20 through 21 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 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.

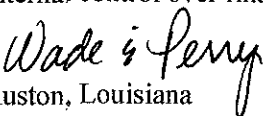
### ***Other information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of compensation, benefits, and other payments to agency head is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of compensation, benefits, and other payments to agency head 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of compensation, benefits, and other payments to agency head 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 a report dated June 16, 2020, on our consideration of the District's internal control over financial reporting and on 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 the testing, and not to provide an opinion on 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.

  
Ruston, Louisiana  
June 16, 2020

Bienville Parish Recreation District No. 1  
 Governmental Funds Balance Sheet/Statement of Net Position  
 December 31, 2019

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
<b>ASSETS</b>			
Cash and equivalents	\$166,423		\$166,423
Receivables	330,002		330,002
Inventory	33,292		33,292
Capital assets (net)		\$844,810	844,810
<b>TOTAL ASSETS</b>	<u>\$529,717</u>	<u>\$844,810</u>	<u>\$1,374,527</u>
Deferred outflows of resources	0		0
<b>LIABILITIES</b>			
Accounts, salaries, and other payables	\$21,617		\$21,617
Capital lease payable:			
Due in one year		\$6,052	6,052
Due in more than one year		21,688	21,688
<b>Total Liabilities</b>	<u>21,617</u>	<u>27,740</u>	<u>49,357</u>
Deferred inflows of resources	0		0
<b>FUND BALANCES</b>			
Unassigned, reported in General fund	<u>508,100</u>	<u>(508,100)</u>	<u>0</u>
<b>Total Fund Balances</b>	<u>508,100</u>	<u>(508,100)</u>	<u>0</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$529,717</u>		
<b>NET POSITION</b>			
Net investment in capital assets		817,070	817,070
Unrestricted		<u>508,100</u>	<u>508,100</u>
<b>TOTAL NET POSITION</b>		<u>\$1,325,170</u>	<u>\$1,325,170</u>

The accompanying notes are an integral part of this statement.

Bienville Parish Recreation District No. 1  
 Reconciliation of the Governmental Funds Balance Sheet  
 to the Statement of Net Position  
 December 31, 2019

Amounts reported for governmental activities in the Statement of Net Position are different because:		
Fund balances, Total governmental funds (Statement A)		\$508,100
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Governmental capital assets	\$1,798,767	
Less accumulated depreciation	<u>(953,957)</u>	844,810
Less Capital lease obligation, net		<u>(27,740)</u>
Net Position of Governmental Activities (Statement A)		<u>\$1,325,170</u>

The accompanying notes are an integral part of this statement.

Bienville Parish Recreation District No. 1  
Statement of Governmental Fund Revenues,  
Expenditures, and Changes in Fund Balances/  
Statement of Activities  
For the Year Ended December 31, 2019

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>Expenditures/Expenses</b>			
General government - culture and recreation:			
Personnel services	\$160,475		\$160,475
Operating services	485,460		485,460
Materials and supplies	14,970		14,970
Travel and other charges			0
Depreciation		\$37,554	37,554
Debt service	2,522	(2,522)	0
Capital outlay	59,963	(59,963)	0
Total Expenditures/Expenses	<u>723,390</u>	<u>(24,931)</u>	<u>698,459</u>
<b>Program Revenues</b>			
Fees, charges, and commissions	276,929		276,929
Concessions	67,505		67,505
Net Program Expense			<u>(354,025)</u>
<b>General Revenues</b>			
Property taxes	316,630		316,630
Use of money and property	1,655		1,655
Other revenues	3,605		3,605
Sale of capital assets/gain (loss) in disposal		(6,101)	(6,101)
Total General Revenues	<u>321,890</u>	<u>(6,101)</u>	<u>315,789</u>
Excess (Deficiency) of Revenues over Expenditures	(57,066)		
<b>Other Financing Sources (Uses)</b>			
Other financing source	30,262	(30,262)	0
Total Other Financing Sources (Uses)	<u>30,262</u>	<u>(30,262)</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(26,804)	26,804	
CHANGE IN NET POSITION		(38,236)	(38,236)
<b>FUND BALANCE/NET POSITION:</b>			
Beginning of Year	<u>534,904</u>		<u>1,363,406</u>
End of Year	<u>\$508,100</u>		<u>\$1,325,170</u>

The accompanying notes are an integral part of this statement.

Bienville Parish Recreation District No. 1  
 Reconciliation of the Statement of Revenues, Expenditures,  
 and Changes in Fund Balances of Governmental Funds  
 to the Statement of Activities  
 For the Year Ended December 31, 2019

Amounts reported for governmental activities in the Statement of Activities are different because:

Net Change in Fund Balances, Total governmental funds (Statement C)	(\$26,804)
The fund financial statements show the capital lease as expenditure and other financing source, but capital lease is recorded as fixed asset and depreciated and a corresponding liability in the government-wide statements	(30,262)
Governmental funds are not required to report gain or loss on sale of assets. This is the amount of loss of capital assets disposed of during the year.	(6,101)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$59,963) exceed depreciation (\$37,554) in the current period.	22,409
Debt service payments for principal is an expenditure in the governmental funds, but principal payments reduce long-term liabilities in the Statement of Net Position.	<u>2,522</u>
Change in Net Position of Governmental Activities, Statement C	<u>(\$38,236)</u>

The accompanying notes are an integral part of this statement.

Bienville Parish Recreation District No. 1  
Notes to the Financial Statements  
As of and for the Year Ended December 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Bienville Parish Recreation District No. 1 (the District) was created by the Bienville Parish Police Jury as authorized by Louisiana Revised Statute 33:4562. The District is governed by a five member board appointed by the police jury. The District owns and operates recreational facilities and engages in activities designed to encourage recreation and promote the general health and well being of the community's youth.

A. BASIS OF PRESENTATION

The accompanying basic financial statements of the District have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, issued in June 1999. Certain of the significant changes in the Statement include the following:

- \* A Management Discussion and Analysis (MD&A) section providing an analysis of the District's overall financial position and results of operations;
- \* Financial statements prepared using full accrual accounting for all of the District's activities; and
- \* A change in the fund financial statements to focus on the major funds.

B. REPORTING ENTITY

As the governing authority of the parish, for reporting purposes, the Bienville Parish Police Jury is the financial reporting entity for Bienville Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Bienville Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and:
  - a. The ability of the police jury to impose its will on that organization and/or;
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.

Bienville Parish Recreation District No. 1  
Notes to the Financial Statements  
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3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the police jury appoints all board members of the District and can impose its will on the District, the District was determined to be a component unit of the Bienville Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

C. FUND ACCOUNTING

The District uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain District functions or activities. A fund is a separate fiscal and accounting entity with a self-balancing set of accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures.

Governmental Funds

Governmental funds account for all or most of the District's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations of the District. The following are the District's governmental funds:

General Fund - The primary operating fund of the District, it accounts for all financial resources, except those required to be accounted for in other funds. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to the District's policy.

D. CAPITAL ASSETS

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. Approximately 9% of fixed assets are valued at estimated historical costs based on actual costs of like items while the remaining 91% are based on actual historical costs. The district maintains a threshold level of \$1,000 or more for capitalizing capital assets.

Capital assets and related expenses are recorded in the Statement of Net Position and Statement of Activities, respectively, but are not reported in the fund financial statements. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Improvements	20-40 years
Buildings	25 years
Equipment	5-15 years

Bienville Parish Recreation District No. 1  
Notes to the Financial Statements  
As of and for the Year Ended December 31, 2019

E. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Fund Financial Statements (FFS)

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

The amounts reflected in the General Fund of Statements A and B use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Ad valorem taxes and the related state revenue sharing are recorded in the year the taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis and attach as an enforceable lien and become due and payable on the date the tax rolls are filed with the recorder of mortgages. Louisiana Revised Statute 47:1993 requires that the tax roll be filed on or before November 15 of each year. Ad valorem taxes become delinquent if not paid by December 31. The taxes are normally collected in December of the current year and January through the tax sale of the ensuing year. Interest income on interest bearing demand deposits is recorded at the end of the month when credited by the bank. Interest income on time deposits is recorded when the time deposits have matured and the interest is available.

Based on the above criteria, ad valorem taxes and state revenue sharing have been treated as susceptible to accrual.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for compensated absences, which are recognized when paid.

Government-Wide Financial Statements (GWFS)

The column labeled Statement of Net Position (Statement A) and the column labeled Statement of Activities (Statement B) display information about the District as a whole. These statements include all the financial activities of the District. Information contained in these columns reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from



Bienville Parish Recreation District No. 1  
Notes to the Financial Statements  
As of and for the Year Ended December 31, 2019

exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

F. CASH AND CASH EQUIVALENTS

Under state law, the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The District may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

At December 31, 2019, the District has cash and cash equivalents (book balances) totaling \$166,423, as follows:

Petty cash	\$300
Demand deposits	10,530
Time deposits	<u>155,593</u>
Total	<u>\$166,423</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2019, the District has \$176,881 in deposits (collected bank balances). These deposits are secured from risk by \$176,881 of federal deposit insurance and \$0 of pledged securities held by the custodial bank in the name of the fiscal agent bank. (GASB Category 3).

G. INVENTORY

Inventory in the General Fund consists of expendable supplies held for consumption. Inventories are valued at the lower of cost (first-in, first-out) or market.

H. RISK MANAGEMENT

The District is exposed to various risk of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; and injuries to employees. To handle such risk of loss, the District maintains commercial insurance policies covering: property and commercial general liability insurance, crime, and inland marine. Also, the District maintains director and officer liability, worker's compensation, a mobile home policy, and employers liability insurance. No claims were paid on any of the policies during the past three years which exceeded the policies' coverage amount.

Bienville Parish Recreation District No. 1  
Notes to the Financial Statements  
As of and for the Year Ended December 31, 2019

I. FUND EQUITY

In the government wide statements, net position is 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 and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Constraints may be placed on the use, either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - Net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in either of the other two categories of net position.

Proprietary fund equity is classified in the same manner as in the government-wide statements. In the fund financial statements, governmental fund equity is classified as fund balance.

The Town adopted GASB 54 in the year ended December 31, 2011. As such, fund balances of the governmental funds are classified as follow:

*Nonspendable* - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

*Restricted* - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors contributors, or laws or regulations of other governments.

*Committed* - amounts constrained to specific purpose by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level of action to remove or change the constraint.

*Assigned* - amounts the government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

*Unassigned* - all other spendable amounts.

As of December 31, 2019, fund balances are composed of the following:

	General Fund
Nonspendable:	
Prepaid items	\$0
Restricted:	
Other purposes	0
Unassigned	<u>508,100</u>
Total fund balances	<u>\$508,100</u>

Bienville Parish Recreation District No. 1  
Notes to the Financial Statements  
As of and for the Year Ended December 31, 2019

J. DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

In some instances, the GASB requires a government to delay recognition of decreases in net position as expenditures until a future period. In other instances, governments are required to delay recognition of increases in net position as revenues until a future period. In these circumstances, deferred outflows of resources and deferred inflows of resources result from the delayed recognition of expenditures or revenues, respectively.

2. LEVIED TAXES

The District has an authorized tax millage of 3.52 mills which is restricted by tax proposition, to operation and maintenance of the recreational facilities of the District. The tax is due to expire with the 2019 tax roll. For the year ended December 31, 2019, the District levied 3.28 mills as a result of reassessments of taxable property as required by Article 7, Section 18 of the Louisiana Constitution of 1974.

The following are the principal taxpayers for the parish and their 2019 assessed valuation (amounts expressed in thousands):

Taxpayer	Assessed Valuation	% of Total Assessed Valuation
Regency Intrastate	17,602,244	17.98%
Bear Creek Storage Co	12,068,860	12.33%
Arcadia Gas Storage LLC	9,568,451	9.77%
Haynes International Inc	6,287,330	6.42%
Total	<u>45,526,885</u>	<u>46.50%</u>

3. RECEIVABLES

The receivables of \$330,002 at December 31, 2019 consist solely of ad valorem taxes.

4. CHANGES IN GENERAL FIXED ASSETS

The following schedule presents changes in capital assets for the year ended December 31, 2019:

	12/31/2018 Balance	Adjustments	Additions	Deletions	12/31/2019 Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$400,000				\$400,000
Total capital assets not being depreciated	<u>400,000</u>		<u>0</u>	<u>0</u>	<u>400,000</u>
Capital assets being depreciated:					
Buildings	111,830				111,830
Improvements	926,975		\$29,701		956,676
Equipment	351,857	1,199	30,262	(\$53,057)	330,261
Total capital assets being depreciated	<u>1,390,662</u>	<u>1,199</u>	<u>59,963</u>	<u>(53,057)</u>	<u>1,398,767</u>

Bienville Parish Recreation District No. 1  
Notes to the Financial Statements  
As of and for the Year Ended December 31, 2019

	12/31/2018 Balance	Adjustments	Additions	Deletions	12/31/2019 Balance
Less:					
accumulated depreciation	962,160		37,554	(45,757)	953,957
Total capital assets being depreciated, net	\$828,502	\$1,199	\$22,409	(\$7,300)	\$844,810

5. LEASES

In July, 2016, the District entered into a 48-month lease for 40 golf carts. The lease requires 48 monthly payments of \$2,888 each beginning in August, 2016. In April, 2017, the District entered into a 48-month lease for 3 John Deere pieces of equipment. The lease requires 48 monthly payments of \$1,569 each beginning in April, 2017. Rental expenses were \$56,921 for the year ended December 31, 2019. At December 31, 2019, the future minimum lease payments are summarized as follows:

Fiscal year ending December 31:	
2020	\$39,044
2021	14,121
Total minimum lease payments	\$53,165

Equipment under capital leases consists of a 2012 Dakota pull behind topdresser and a 2012 TD65 mower with a combined capitalized cost of \$32,625. Equipment under capital leases consists of a 2017 New Holland tractor and loader with a combined capitalized cost of \$30,262. Accumulated depreciation in the statement of financial position included \$17,242 relating to equipment under capital lease. Depreciation expense reported in the statement of activities includes \$4,192 for the equipment under capital lease.

6. LITIGATION AND CLAIMS

The District is not involved in any litigation at December 31, 2019, nor is it aware of any unasserted claims.

7. RETIREMENT PLAN

All employees of the District, are eligible to be members of the eligible deferred compensation plan. This retirement plan is managed by Nationwide Retirement Solutions. The maximum employee contribution for 2019 was \$19,000. The District matches the employee contribution.

8. SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 16, 2020. This date represents the date the financial statements were available to be issued. As a result of COVID-19 coronavirus, economic uncertainties have arisen which are likely to have a negative impact on operations and cause business disruption. However, the related financial impact and duration cannot be reasonably estimated at this time. The District is closely monitoring its financial statements for 2020 impacts.

REQUIRED SUPPLEMENTAL INFORMATION

Bienville Parish Recreation District No. 1  
 Schedule of Revenues, Expenditures, and Changes  
 in Fund Balances - Budget and Actual (Non-GAAP)  
 For the Year Ended December 31, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts Cash Basis</u>	<u>Favorable (Unfavorable) Variance</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Program revenues:				
Fees, charges, and commissions	\$286,000	\$286,000	\$276,929	(\$9,071)
Concessions	70,000	70,000	67,505	(2,495)
General revenues:				
Ad valorem taxes	290,000	340,000	342,646	2,646
Use of money and property	550	550	1,655	1,105
Other revenues	1,500	1,500	9,386	7,886
Total Revenues	<u>648,050</u>	<u>698,050</u>	<u>698,121</u>	<u>71</u>
<b>EXPENDITURES</b>				
General government - culture and recreation:				
Personnel services	185,000	185,000	160,475	24,525
Operating services	392,700	449,450	485,461	(36,011)
Materials and supplies	8,500	8,500	14,970	(6,470)
Travel and other charges	3,000	3,000		3,000
Debt service			2,522	(2,522)
Capital outlay	<u>53,900</u>	<u>48,000</u>	<u>59,963</u>	<u>(11,963)</u>
Total Expenditures	<u>643,100</u>	<u>693,950</u>	<u>723,391</u>	<u>(29,441)</u>
Excess (Deficiency) of Revenues over (under) Expenditures	4,950	4,100	(25,270)	(29,370)
Other Financing Sources (Uses)				
Other financing sources			<u>30,262</u>	<u>30,262</u>
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>30,262</u>	<u>30,262</u>
Excess (deficiency) of Revenues and other sources over expenditures and other financing uses	4,950	4,100	4,992	892
Fund Balance (Deficit) at Beginning of Year	<u>0</u>	<u>0</u>	<u>442,740</u>	<u>442,740</u>
Fund Balance (Deficit) at End of Year	<u>\$9,900</u>	<u>\$8,200</u>	<u>\$447,732</u>	<u>\$443,632</u>

## Notes to the Schedule

(1) method of budgetary accounting - non-GAAP

Bienville Recreation District No. 1  
Notes to the Schedule of Revenues, Expenditures, and Changes in  
Fund Balances - Budget and Actual (Non-GAAP)  
For the Year Ended December 31, 2019

NOTE A - BUDGETARY POLICIES

The proposed budget for the General Fund, prepared on the cash basis of accounting, is published in the official journal at least ten days prior to the public hearing and is made available for public inspection at least fifteen days prior to the beginning of each fiscal year. A public hearing is held at the District's office for comments from taxpayers. The budget is then legally adopted by the District and amended during the year, as necessary. The budget is established and controlled by the District at the object level of expenditure. Appropriations lapse at year-end and must be re-appropriated for the following year to be expended. All changes in the budget must be approved by the District.

Formal budgetary integration is employed as a management control device during the year. Budgeted amounts included in the budget comparison accompanying the financial statements include the original adopted budget amount and all subsequent amendments. Encumbrance accounting is not used by the District.

NOTE B - EXPLANATION OF DIFFERENCES BETWEEN BUDGETARY INFLOWS AND OUTFLOWS AND GAAP REVENUES AND EXPENDITURES

Source/inflows of resources

Actual amounts (budgetary basis) "Total Revenues" from Schedule 1.	\$728,383
<u>Differences - budget to GAAP:</u>	
The District budgets for property tax revenue only to the extent expected to be received, rather than on the modified accrual basis.	(31,797)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances-governmental funds.	<u>\$696,586</u>

Uses/outflows of resources

Actual amounts (budgetary basis) "Total Expenditures" from the Schedule 1.	\$723,391
<u>Differences - budget to GAAP:</u>	
The District budgets for operating expenditures only to the extent expected to be paid, rather than on the modified accrual basis.	<u>1</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances-governmental funds.	<u>\$723,390</u>

Bienville Parish Recreation District #1  
Schedule of Compensation, Benefits and Other Payments  
to Agency Head  
For the Year Ended December 31, 2019

Schedule 2

Agency Head Name: Jonathan Harris

Purpose	Amount
Salary	\$55,911
Benefits-retirement	5,032
Car allowance	2,500



# WADE & PERRY

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Report on Compliance and Other Matters and on Internal Control  
over Financial Reporting Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards*

## Independent Auditor's Report

Board of Commissioners  
Bienville Recreation District No. 1  
Arcadia, Louisiana

We have audited, 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, the financial statements of the governmental activities of Bienville Recreation District No. 1 ("District") as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 16, 2020.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Responses, we

identified certain deficiencies in internal control that we consider to be significant deficiencies. 2019-1, 2019-2 and 2019-3.

### **Compliance and Other Matters**


As part of obtaining reasonable assurance about whether 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 statements 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*.

### **District's Response to Findings**

District's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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

  
Ruston, Louisiana  
June 16, 2020

Bienville Recreation District No. 1  
Schedule of Findings and Responses  
For the Year Ended December 31, 2019

**A. Summary of Audit Results**

1. The auditor's report expresses an unmodified opinion on the general purpose financial statements of the Bienville Parish Recreation District No. 1.
2. No instances of noncompliance material to the financial statements of the Bienville Parish Recreation District No. 1 were disclosed during the audit.
3. Three significant deficiencies relating to the audit of the financial statements is reported in the Independent Auditor's Report on Internal Control.

**B. Financial Statements Findings**2019-001.     Lack of segregation of duties

Condition: The District does not have an adequate segregation of duties regarding its accounting and reporting system to maintain a complete system of internal control. This is a repeat finding.

Criteria: Considered good business practice to have segregation of duties wherever possible.

Cause: Small district with limited personnel available

Effect: Potential misstatements in financial statements may not be detected and is at risk for fraud.

Recommendation: We recommend the District implement a system of checks and balances. Segregation of duties should include collection of monies, recording deposits in general ledger, taking deposits to the bank, preparing checks and disbursements, signing checks, mailing checks, and reconciling the bank account.

Response: Management is aware of the problem of segregation of duties and will continue to develop and implement internal control procedures to offset this inherent problem associated with being a small entity.

2019-002.     Inadequate internal controls for disbursements and payroll

Condition: From the forty selected disbursements, 5 disbursement for payroll did not have accurate calculations for overtime, flex hours, or sick/vacation. One disbursement paid the statement balance and the invoice balance. The bookkeeper marked 1 disbursement as clearing the bank statement but it could not be found as clearing on any bank statement. Two disbursements were listed in the general ledger with incorrect check numbers. Thirty-seven of 92 voided checks listed in the general ledger could not be located for examination. This is a repeat finding.

Criteria: Internal controls should be set up for all areas.

Cause: Staff is not aware of payroll rules and regulations. All supporting documentation is not maintained in a central location.

Effect: Internal control violation and potential errors in payroll disbursements.

Recommendation: Maintain adequate support for all disbursements in central location. All employees involved in the payroll function need to understand overtime and payroll rules and regulations and the company's policy concerning using flex pay if 40 hours are not worked in a week.

Response: Management concurs with the recommendation and will implement as soon as possible.

2019-003. Significant deficiency in internal control over financial reporting

Condition: Management has chosen to engage the auditor to propose certain year-end adjusting entries and to prepare their annual financial statements. This condition is intentional by management based upon the District's cost effectiveness of acquiring the ability to prepare financial statements in accordance with generally accepted accounting principles. In relation to this decision, internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, in accordance with generally accepted accounting principles, have not been established. Some retirement, AFLAC, and sales tax liabilities were not paid timely.

Criteria: Considered material weakness if entity cannot apply generally accepting accounting principles.

Cause: The District does not have staff capable of preparing report and notes and applying generally accepting accounting principles.

Effect: Potential misstatements in financial statements may not be detected

Recommendation: No recommendation is made for this deficiency. Management must determine whether the benefit from an internal control exceeds its cost, and therefore it may be impractical to correct all deficiencies.

Response: Management concurs with the recommendation and will pay all liabilities when they are due.

Bienville Recreation District No. 1  
Summary of Prior Year Findings  
For the Year Ended December 31, 2019

- 2018-1. Lack of segregation of duties  
Status: Unresolved - see 2019-1
- 2018-2. Inadequate internal controls over disbursements and payroll  
Status: Unresolved - see 2019-2
- 2018-3. Significant deficiency in internal control over financial reporting  
Status: Unresolved - see 2019-3
- 2018-4. Local government budget law violation  
Status: Resolved

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Members: AICPA/ Society of LCPA's

## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Bienville Parish Recreation District #1 and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Bienville Parish Recreation District #1 (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2019 through December 31, 2019. The Entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

### ***Written Policies and Procedures***

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

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<sup>1</sup> For governmental organization, the practitioner may eliminate those categories and subcategories that do not apply to the organization's operations. For quasi-public organizations, including non-profits, the practitioner may eliminate those categories and subcategories that do not apply to public funds administered by the quasi-public.

periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) **Ethics<sup>2</sup>**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Written policies and procedures were obtained and address the functions noted above. The Entity is not in compliance with purchasing, disbursements, receipts/collections, payroll/personnel, ethics, debt, and disaster recovery/business continuity.

### ***Board or Finance Committee<sup>3</sup>***

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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:

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<sup>2</sup> The Louisiana Code of Ethics is generally not applicable to non-profit entities but may be applicable in certain situations, such as councils on aging. If ethics is applicable to a non-profit, the non-profit should have written policies and procedures relating to ethics.

<sup>3</sup> These procedures are not applicable to entities managed by a single elected official, such as sheriff or assessor.

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

No exceptions

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.<sup>4</sup> *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

No exceptions

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

No exceptions

### ***Bank Reconciliations***

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

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

Bank reconciliations were not prepared within 2 months of the related statement closing.

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

There is no evidence that the bank reconciliations were reviewed.

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<sup>4</sup> Major funds are defined under GASB standards. The related procedure addresses major funds as a way to verify that boards are provided with financial information necessary to make informed decisions about significant entity operations, including proprietary operations that are not required to be budgeted under the LGBA.

<sup>5</sup> Accounts selected may exclude savings and investment accounts that are not part of the entity's daily business operations.



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

There is no evidence that outstanding items were researched.

### Collections (excluding EFTs)<sup>6</sup>

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

Obtained a listing of deposit sites and the corresponding collection locations and management's representation that the listing is complete.

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

Obtain a listing of collection locations and management's representation that the listing is complete.

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

Employees share 1 cash drawer.

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

No exceptions.

- 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.

No exceptions.

- 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.

No exceptions.

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

No exceptions.

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<sup>6</sup> The Collections category is not required to be tested if the entity has a third party contractor performing all collection functions (i.e., receiving collections, preparing deposits, and making deposits).

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
  - a) Observe that receipts are sequentially pre-numbered.  
Sequentially pre-numbered receipts are not used.
  - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.  
No exceptions.
  - c) Trace the deposit slip total to the actual deposit per the bank statement.  
No exceptions.
  - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).  
Two deposits were not deposited within one business day of receipt.
  - e) Trace the actual deposit per the bank statement to the general ledger.  
No exceptions

***Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)***

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8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).  
Obtained a listing of locations that process payments and management's representation that the listing is complete.
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:  
Obtained a listing of all employees involved with non-payroll purchasing and payments functions and observed that:
  - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

No exceptions.

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

No exceptions.

- 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.

The employee who processes payments is also able to add/modify vendor files.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Employee responsible for signing checks mails the payments and processes the payments.

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

Obtained the entity's non-payroll disbursement transaction population and obtained management's representation that the population is complete

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

No exceptions.

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

No exceptions.

### ***Credit Cards/Debit Cards/Fuel Cards/P-Cards***

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- 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<sup>7</sup>. Obtain management's representation that the listing is complete.

Obtained listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) and management's representation that the listing is complete

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

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

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<sup>7</sup> Including credit cards used by school staff for either school operations or student activity fund operations.

electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]

No exceptions.

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

One of the 3 statements showed financed charges.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing)<sup>8</sup>.

Obtained supporting documentation for at least 10 transactions, or all of them if less than 10 transactions.

For each transaction, observe that it is supported by

- (1) an original itemized receipt that identifies precisely what was purchased,

No exceptions.

- (2) written documentation of the business/public purpose, and

Observed documentation of business/public purpose for 3 of the 4 transactions.

- (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Not applicable

#### *Travel and Travel-Related Expense Reimbursements<sup>9</sup> (excluding card transactions)*

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

Obtained a listing of all travel and related reimbursements and management's representation the listing is complete.

<sup>8</sup> For example, if 3 of the 5 cards selected were fuel cards, only 10 transactions would be selected for each of the 2 credit cards. Conceivably, if all 5 cards randomly selected under procedure #12 were fuel cards, Procedure #13 would not be applicable.

<sup>9</sup> Non-travel reimbursements are not required to be tested under this category.

- 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](http://www.gsa.gov)).

Not applicable

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

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 (procedure #1h).

No business/public purpose documented.

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

The Director receives \$2,500 per year in mileage in 12 monthly payments. There is no evidence of this being approved by the board in any of the minutes. The Director said it was approved in closed session and never recorded in the minutes.

### ***Contracts***

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No prior year exceptions.

### ***Payroll and Personnel***

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

Obtained a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Agreed paid salaries to 5 authorized salaries/pay rates in the personnel files.

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

- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

No exceptions

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

No exceptions

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

8 hours of vacation was marked on the timecard and time sheet. 8 hours of sick was used on the paycheck. The employee did have enough sick time for this to be possible and the cumulative sick and vacation hours were calculated correctly.

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

No exceptions

- 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.

Obtained 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. During the audit it was noted that retirement and health insurance was paid sporadically throughout the year.

### *Ethics*<sup>10</sup>

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- 20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above<sup>11</sup>, obtain ethics documentation from management, and:

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

No exceptions.

- b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

The Entity does not have an ethics policy.

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<sup>10</sup> The Louisiana Code of Ethics is generally not applicable to non-profit entities but may be applicable in certain situations, such as councils on aging. If ethics is applicable to a non-profit, the procedures should be performed.

<sup>11</sup> If "payroll and personnel" have been rotated off for Year 2, the practitioner should insert a procedure with the same selection methodology that would have been used for payroll and personnel.

*Debt Service*<sup>12</sup>

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No prior year exceptions.

*Other*

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No prior year exceptions

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

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

*Wade Perry*  
Ruston, LA  
June 16, 2020

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<sup>12</sup> This AUP category is generally not applicable to non-profit entities; however, if applicable, the procedures should be performed.

BIENVILLE PARISH RECREATION DISTRICT #1  
400 Trails End Road  
Arcadia, LA 71001

June 16, 2020

Wade & Perry, CPAs  
Ruston, LA

The following is Management's Response to the 2019 AUP report submitted for Bienville Parish Recreation District #1.

**WRITTEN POLICIES AND PROCEDURES**

1. b) Purchasing
- c) Disbursements
- d) Receipts/collections
- e) Payroll/personnel
- i) Ethics
- j) Debt Service
- k) Disaster recovery/business continuity

Management will work toward documenting policies for these areas.

**BANK RECONCILIATIONS**

4. a) Management will work toward having bank reconciliations prepared within 2 months of statement closing date.
- b) Management will work toward having bank reconciliations reviewed and signed off.
- c) Management will work toward documenting reconciling items.

**COLLECTIONS**

5. a) Management will work toward implementing checks and balances for the one cash drawer.
7. a) Management will try to mitigate the system's lack of producing sequentially pre-numbered receipts.
- d) Management will work toward making daily deposits.

**DISBURSEMENTS**

9. c) Management will work toward implementing checks and balances.
- d) Management will work toward implementing checks and balances.

**CREDIT CARDS/DEBIT CARDS, ETC.**

12. b) Management will work toward paying all bills on time so unnecessary finance charges or late fees will be assessed.
13. Management will work toward documenting business/public purpose of all credit cards transactions.



#### TRAVEL AND EXPENSE REIMBURSEMENT

- 14. c) Management will work toward documenting business/public purpose of all transactions.
- d) Management will work toward documenting existing policy.

#### PAYROLL AND PERSONNEL

- 17. c) Management will work toward maintaining accurate written leave records.
- 19. Management will work toward paying all payroll taxes, retirement, health insurance, and worker's compensation timely.

#### ETHICS

- 20. Management will work toward documenting its policy.