Financial Report

Terrebonne Levee and Conservation District

Houma, Louisiana

June 30, 2019

Bourgeois Bennett
CERTIFIED PUBLIC ACCOUNTANTS | CONSULTANTS
A LIMITED LIABILITY COMPANY

Financial Report

Terrebonne Levee and Conservation District

Houma, Louisiana

June 30, 2019

TABLE OF CONTENTS

Terrebonne Levee and Conservation District
Houma, Louisiana

For the year ended June 30, 2019

TABLE OF CONTENTS
(Continued)

Terrebonne Levee and Conservation District
Houma, Louisiana

For the year ended June 30, 2019

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
Terrebonne Levee and Conservation District,
Houma, Louisiana.

We have audited the accompanying financial statements of the governmental activities and each major fund of Terrebonne Levee and Conservation District (the "District"), a component unit of Terrebonne Parish Consolidated Government, State of Louisiana, as of and for the year ended June 30, 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 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 statement.

P.O. BOX 2168 • HOUMA, LA 70361-2168 • 985.868.0139
P.O. Box 60600 • NEW ORLEANS, LA 70160-0600 • 504.831.4949 • BOURGEOISBENNETT.COM

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Terrebonne Levee and Conservation District as of June 30, 2019, and the respective changes in financial position thereof and the budgetary comparison for the General Fund for the year then ended in conformity 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 Management's Discussion and Analysis, the Schedule of Changes in the District's Total OPEB Liability, and Related Ratios, Schedule of the District's Proportionate Share of the Net Pension Liability and Schedule of District Contributions on pages 4 through 12, and 52 through 54, 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 response to our inquires, 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 Schedule of Governmental Fund Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Morganza to the Gulf Fund, and Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer on pages 55 through 57, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, on page 63 is presented for purposes of additional analysis as required by the *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the basic financial statements.

The Schedule of Governmental Fund Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Morganza to the Gulf Fund, the Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer, and the Schedule of Expenditures of Federal Awards are the responsibility of management and were 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, based on our audit and the procedures performed above, the Schedule of Governmental Fund Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Morganza to the Gulf Fund, Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer, and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 18, 2019 on our consideration of the Terrebonne Levee and Conservation District'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 Governmental Auditing Standards in considering the District's internal control over financial reporting and compliance.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
December 18, 2019.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Terrebonne Levee and Conservation District
Houma, Louisiana

June 30, 2019

Management's Discussion and Analysis of the Terrebonne Levee and Conservation District's (the "District") financial performance presents a narrative overview and analysis of the District's financial activities for the year ended June 30, 2019. This document focuses on the current year's activities, resulting changes and currently known facts. Please read this document in conjunction with the additional information contained in the District's financial statements, which begin on page 13.

FINANCIAL HIGHLIGHTS

- The District's assets exceeded its liabilities at the close of fiscal year 2019 by $376,473,309 (net position), which represents a 5.4% increase from last fiscal year.

- The District's capital asset additions included approximately $40,540,000 of levees, floodwalls, and other hurricane protection assets.

- The District's revenue decreased $5,716,174 or 11.4% due primarily to decreases in capital grants from the State of Louisiana.

- The District's total expenses increased $4,671,162 or 22.9% due primarily to the increases in public safety expenses.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's annual report consists of five parts: (1) management's discussion and analysis, (2) basic financial statements, (3) supplementary information, (4) various governmental internal control and compliance reports and schedules by certified public accountants and, management, and (5) statewide agreed-upon procedures.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

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

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private sector business. The Statement of Net Position presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. The Statement of Activities presents information showing how the District's net position changed during the fiscal year 2019. All changes in net position are reported as soon as the underlying event giving rise to the change occurs regardless of the timing of the related cash flows. Thus, revenues and expenditures 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 public safety (hurricane and flood protection). The government-wide financial statements can be found on pages 13 through 19 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. All of the funds of the District are governmental funds.

Governmental Funds

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

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Governmental Funds (Continued)

The District maintains three individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Morganza to the Gulf Fund and Debt Service Fund. The District adopts an annual appropriated budget for its General and, although not legally required, Morganza to the Gulf and Debt Service Funds. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with the budget. The basic governmental fund financial statements can be found on pages 13 through 19 of this report. A budgetary comparison statement for the Morganza to the Gulf Fund has been provided in the Supplementary Information section 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 on pages 20 through 51 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. For fiscal year ended June 30, 2019, assets and deferred outflow of resources exceeded liabilities and deferred inflow of resources by $376,473,309. By far, the largest portion of the District's net position $356,749,854 (94.176%) reflects its net investment in capital assets (e.g., land, building, equipment, hurricane and flood protection). The District uses these capital assets to provide hurricane and flood protection to the citizens of Terrebonne Parish. Consequently, these assets are not available for future spending. The District's restricted net position amounted to $3,850,368. Restrictions placed on net position pertain to spending for debt service and capital project spending for the Morganza to the Gulf Hurricane Protection Project. Unrestricted net position amounted to $15,873,087.

(Continued)

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Terrebonne Levee and Conservation District
Condensed Statement of Net Position

	June 30, 2019	June 30, 2018	Dollar Change	Total % Change
Current and other assets	$ 27,215,720	$ 42,181,354	$ (14,965,634)	-35.5%
Capital assets	460,906,967	434,110,197	26,796,770	6.2%
Total assets	488,122,687	476,291,551	11,831,136	2.5%
Deferred outflow of resources	859,295	980,136	(120,841)	-12.3%
Total assets and deferred outflows of resources	488,981,982	477,271,687	11,710,295	2.5%
Long-term liabilities outstanding	95,884,332	98,466,054	(2,581,722)	-2.6%
Other liabilities	14,290,687	19,266,490	(4,975,803)	-25.8%
Total liabilities	110,175,019	117,732,544	(7,557,525)	-6.4%
Deferred inflow of resources	2,333,654	2,467,609	(133,955)	-5.4%
Total liabilities and deferred inflows of resources	112,508,673	120,200,153	(7,691,480)	-6.4%
Net position:				
Net investment capital assets	356,749,854	322,296,865	34,452,989	10.7%
Restricted	3,850,368	16,797,936	(12,947,568)	-77.1%
Unrestricted	15,873,087	17,976,733	(2,103,646)	-11.7%
Total net position	$ 376,473,309	$ 357,071,534	$ 19,401,775	5.4%

<u>GOVERNMENT-WIDE FINANCIAL ANALYSIS</u> (Continued)

Governmental Activities

Governmental activities increased the Terrebonne Levee and Conservation District net position by $19,401,775. Key elements of this increase are as follows:

Terrebonne Levee and Conservation District
Condensed Statement of Changes in Net Position

	June 30, 2019	June 30, 2018	Dollar Change	Total % Change
Revenues:				
Taxes	$ 15,510,184	$ 15,267,175	$ 243,009	1.6%
Intergovernmental:				
Federal:				
CDBG	13,460,605	5,098,702	8,361,903	164.0%
FEMA	148,942	181,016	(32,074)	-17.7%
State of Louisiana:				
State revenue sharing	115,821	115,493	328	0.3%
State reimbursement grants	3,703,323	23,393,080	(19,689,757)	-84.2%
Terrebonne Parish Consolidated Government	11,136,061	6,080,972	5,055,089	83.1%
Miscellaneous				
Investment income	337,017	231,118	105,899	45.8%
Other	43,024	(196,405)	239,429	-121.9%
Total revenues	44,454,977	50,171,151	(5,716,174)	-11.4%
Expenses:				
Current:				
General government	201,439	227,150	(25,711)	-11.3%
Public safety	21,055,835	16,241,328	4,814,507	29.6%
Debt service	3,795,928	3,913,562	(117,634)	-3.0%
Total expenses	25,053,202	20,382,040	4,671,162	22.9%
Increase in net position	19,401,775	29,789,111	(10,387,336)	-34.9%
Net position beginning of year	357,071,534	327,282,423	29,789,111	9.1%
Net position end of year	$ 376,473,309	$ 357,071,534	$ 19,401,775	5.4%

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Governmental Activities (Continued)

As noted earlier, the District's revenue decreased by $5,716,174. The decrease in revenues were led by the effect of decreases of $19,689,757 from state capital grants. The decrease in state capital grants was primarily due to exhaustion of state grants from the Louisiana Coastal Protection and Restoration Authority for projects performed in the Falgout Canal area of Terrebonne Parish. However, the significant decreases in state capital grants were offset by increases amounting to $8,361,903 from Federal Community Development Block Grants passed through the Terrebonne Parish Consolidated Government (the "Parish"). In addition, the Parish refunded bonds dedicated to the Morganza to the Gulf Hurricane Protection project and the District recognized bond proceeds of $5,270,820 as revenue from capital grants.

Total expenses increased by $4,671,162 or 22.9%. Public safety expenses primarily accounted for the increase. Within the public safety category, the increases were primarily due to $2,916,912 for disaster recovery expenses incurred as a result of high river events. Other increases were led by depreciation of $1,164,150, insurance $340,578 and repairs and maintenance of $312,603.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds

The focus of the District's governmental funds 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 governmental funds reported combined ending fund balances of $10,626,189 a decrease of $9,983,766 in comparison with the prior year. The unassigned fund balance is $6,775,821 and $3,850,368 is restricted to indicate that it is not available for discretionary spending because it has already been restricted for capital projects (Morganza-to-the-Gulf) and debt service.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS (Continued)

Budgetary Highlights

Major differences between the original General Fund budget and the final amended General Fund budget were as follows:

Revenues

- Increase of $101,390 in ad valorem collections to reflect the collections made during the year.

Expenditures

- Decrease of $152,856 in personal services to reflect anticipated changes made in employees during the year.
- Decrease of $54,512 in disaster recovery to reflect payments for high river events.
- Increase of $67,691 in insurance due the payment of more premiums in current year.
- Decrease of $162,111 in capital outlay in anticipation of hurricane protection expenditures to be completed during the year.

During the year, General Fund revenues and expenditures exceeded budgetary estimates. While not legally required to do so, the District prepares an annual budget for the Morganza to the Gulf Capital Projects Fund. During the year anticipated capital outlay on the Morganza to the Gulf Hurricane Protection Project was less than anticipated and resulted in budget decreases in capital expenditures of $43,662,542. Also, capital grant revenues from the state was reduced by $9,709,846 with the exhaustion of grants from the Louisiana Coastal Protection and Restoration Authority. The District did increase budgeted intergovernmental revenues by $2,403,582 for funding received from the Terrebonne Parish Consolidated Government for proceeds from bond refunding. For the year ended June 30, 2019, capital project fund revenues and expenditures were less than the related budgeted amounts.

CAPITAL ASSETS

The District's net investment in capital assets for its governmental activities as of June 30, 2019, amounts to $460,906,967 (net of accumulated depreciation). This investment in capital assets includes land, building, equipment, and hurricane and flood protection (see table on next page).

CAPITAL ASSETS (Continued)

	June 30, 2019	June 30, 2018	Dollar Change	Total % Change
Land	$ 121,461	$ 121,461	$ -	0.0%
Building	563,909	579,814	(15,905)	-2.7%
Equipment	1,956,134	2,281,618	(325,484)	-14.3%
Hurricane and flood protection	458,265,463	431,127,304	27,138,159	6.3%
Totals	$ 460,906,967	$ 434,110,197	$26,796,770	6.2%

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

- Construction and substantial upgrades on the following: Morganza to the Gulf Reaches and projects: Lower Bayou Dularge Reach III, Point-aux-Chenes Reach J-2, Falgout Canal (including the Levee and Reach E), Bayou 4 Point, and other projects.
- Purchase of a Yamaha Outboard Motor and a Magic Tilt Trailer.
- Purchase of a used Club Car.
- Rebuilt the boom on a marsh buggy.
- Purchase of a computer, monitor and digital video encoder for the boardroom.
- Engineering, design and real estate acquisition associated with the various features of the Morganza to the Gulf Hurricane Protection Project, including the Houma Navigational Canal Lock.

Additional information on the District's capital assets can be found in Note 5 to the financial statements.

Long-term Obligations

As of June 30, 2019, the District had $77,405,000 of public improvement sales tax bonds outstanding after principal payments of $2,470,000 during 2019. The District had revenue bonds totaling $10,000,000, with principal payments starting in 2020. In addition, the District recognized a net pension liability of $3,104,158 as its proportionate share of the unfunded pension liability of the Louisiana State Employees Retirement System. Also the District has recognized $2,087,521 in obligations for its other postemployment benefits. More detailed information about the District's long-term obligations is presented in Note 7, Exhibit F of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Board of Directors of the District 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 in the General Fund represents the estimated amount of the November 2019 assessment, which the District will receive, for the most part, in January and February 2020.
- In the Morganza to the Gulf Fund the District anticipates receiving $11,016,000 in ½% sales taxes, $900,000 in drawdowns of ¼% sales tax collected by the Terrebonne Parish Consolidated Government, various state funding of $25,949,513, and $6,789,153 in TPCG capital grants (bond refunding proceeds).
- The District expects to spend $53,244,595 in capital expenditures on Morganza to the Gulf Hurricane Protection Project.

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 Levee and Conservation District, 220 Clendenning Rd., Ste. A, Houma, LA 70363-5413.

STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET

Terrebonne Levee and Conservation District
Houma, Louisiana

June 30, 2019

	General Fund	Morganza to the Gulf Fund	Debt Service Fund	Totals	Adjustments (Exhibit B)	Statement of Net Position
Assets						
Cash and cash equivalents	$ 10,032,274	$ 11,217,753	$8,462	$ 21,258,489	$ -	$ 21,258,489
Investments	-	750,612	-	750,612	-	750,612
Receivables - taxes						
Ad valorem	47,420	-	-	47,420	-	47,420
Sales and use	-	935,073	-	935,073	-	935,073
Due from other governmental units	10,528	4,213,293	-	4,223,821	-	4,223,821
Security deposits	305	-	-	305	-	305
Capital assets -						
Non-depreciable	-	-	-	-	121,461	121,461
Depreciable, net of accumulated depreciation	-	-	-	-	460,785,506	460,785,506
Total assets	10,090,527	17,116,731	8,462	27,215,720	460,906,967	488,122,687
Deferred Outflows of Resources						
Other postemployment	-	-	-	-	85,278	85,278
Pensions	-	-	-	-	774,017	774,017
Total deferred outflows of resources	-	-	-	-	859,295	859,295
Total assets and deferred outflows of resources	$ 10,090,527	$ 17,116,731	$8,462	$ 27,215,720	461,766,262	488,981,982
Liabilities						
Accounts payables and accrued expenditures	$ 69,930	$ 4,599,784	$ -	$ 4,669,714	-	4,669,714
Liability for work completed on contracts	445,932	8,675,041	-	9,120,973	-	9,120,973
Due to other governments	500,000	-	-	500,000	-	500,000
Non-current liabilities:						
Due within one year	-	-	-	-	2,880,337	2,880,337
Due after one year	-	-	-	-	93,003,995	93,003,995
Total liabilities	1,015,862	13,274,825	-	14,290,687	95,884,332	110,175,019
Deferred Inflows of Resources						
Ad valorem	2,298,844	-	-	2,298,844	-	2,298,844
Pensions	-	-	-	-	34,810	34,810
Total deferred inflows of resources	2,298,844	-	-	2,298,844	34,810	2,333,654
Total liabilities and deferred inflows of resources	3,314,706	13,274,825	-	16,589,531	95,919,142	112,508,673
Fund Balances/Net Position						
Fund balances:						
Restricted	-	3,841,906	8,462	3,850,368	(3,850,368)	-
Unassigned	6,775,821	-	-	6,775,821	(6,775,821)	-
Total fund balances	6,775,821	3,841,906	8,462	10,626,189	(10,626,189)	-
Total liabilities and fund balances	$ 10,090,527	$ 17,116,731	$8,462	$ 27,215,720		
Net position:						
Net investment in capital assets					356,749,854	356,749,854
Restricted - debt service					8,462	8,462
Restricted - Morganza to the Gulf Project					3,841,906	3,841,906
Unrestricted					15,873,087	15,873,087
Total net position					$ 376,473,309	$ 376,473,309

See notes to financial statements.

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

Terrebonne Levee and Conservation District
Houma, Louisiana

June 30, 2019

Fund Balances - Governmental Fund		$ 10,626,189
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.		
Governmental capital assets	$ 561,976,995	
Less accumulated depreciation	(101,070,028)	460,906,967
Deferred outflows of resources used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.		859,295
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Bonds payable	(90,547,189)	
Other postemployment benefit obligation	(2,087,521)	
Net pension liability	(3,104,158)	
Compensated absences payable	(145,464)	(95,884,332)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in governmental funds.		(34,810)
Net Position of Governmental Activities		$ 376,473,309

See notes to financial statements.

STATEMENT OF ACTIVITIES AND STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Terrebonne Levee and Conservation District
Houma, Louisiana

For the year ended June 30, 2019

	General Fund	Morganza to the Gulf Fund	Debt Service Fund	Totals	Adjustments (Exhibit D)	Statement of Activities
Revenues						
Taxes						
Ad valorem	$4,636,033	$ -	$ -	$ 4,636,033	$ -	$ 4,636,033
Sales and use	-	10,874,151	-	10,874,151	-	10,874,151
Intergovernmental:						
Federal:						
CDBG	-	13,460,605	-	13,460,605	-	13,460,605
FEMA	-	148,942	-	148,942	-	148,942
State of Louisiana:						
State revenue sharing	115,821	-	-	115,821	-	115,821
State reimbursement grants	2,457	3,700,866	-	3,703,323	-	3,703,323
Terrebonne Parish:						
Consolidated Government:						
Sales tax	-	5,865,241	-	5,865,241	-	5,865,241
Bond proceeds	-	5,270,820	-	5,270,820	-	5,270,820
Miscellaneous:						
Investment earnings	116,073	180,262	40,682	337,017	-	337,017
Other	25,002	18,022	-	43,024	-	43,024
Total revenues	4,895,386	39,518,909	40,682	44,454,977	-	44,454,977
Expenditures/Expenses						
Current:						
General government:						
Ad valorem tax adjustment	45,455	-	-	45,455	-	45,455
Ad valorem tax deductions	155,984	-	-	155,984	-	155,984
Total general government	201,439	-	-	201,439	-	201,439
Public safety:						
Personal services:						
Salaries and related benefits	2,250,410	-	-	2,250,410	165,751	2,416,161
Supplies and materials:						
Office and shop supplies	16,288	26,387	-	42,675	-	42,675
Fuel for heavy equipment	127	157,452	-	157,579	-	157,579
Other services and charges:						
Disaster recovery	46,624	2,971,540	-	3,018,164	-	3,018,164
Insurance	163,408	277,162	-	440,570	-	440,570
Occupancy	69,952	3,499	-	73,451	-	73,451
Professional services	106,959	141,095	-	248,054	-	248,054
Travel and meals	15,598	19	-	15,617	-	15,617
Miscellaneous and other	44,522	130,184	3,960	178,666	-	178,666
Repairs and maintenance	110,821	569,806	-	680,627	-	680,627
Depreciation	-	-	-	-	13,784,271	13,784,271
Total public safety	2,824,709	4,277,144	3,960	7,105,813	13,950,022	21,055,835

Exhibit C
(Continued)

	General Fund	Morganza to the Gulf Fund	Debt Service Fund	Totals	Adjustments (Exhibit D)	Statement of Activities
Expenditures/Expenses (Continued)						
Debt service:						
Principal payments	-	-	2,470,000	2,470,000	(2,470,000)	-
Interest payments	-	-	4,080,450	4,080,450	(284,522)	3,795,928
Total debt service	-	-	6,550,450	6,550,450	(2,754,522)	3,795,928
Capital outlay:						
General operations	29,909	13,931	-	43,840	(43,840)	-
Hurricane and flood protection	151,614	40,385,587	-	40,537,201	(40,537,201)	-
Total capital outlay	181,523	40,399,518	-	40,581,041	(40,581,041)	-
Total expenditures/ expenses	3,207,671	44,676,662	6,554,410	54,438,743	(29,385,541)	25,053,202
Excess (Deficiency) of Revenues over Expenditures	1,687,715	(5,157,753)	(6,513,728)	(9,983,766)	29,385,541	19,401,775
Other Financing Sources (Uses):						
Transfers in	1,089,312	-	3,629,683	4,718,995	-	4,718,995
Transfers out	-	(4,718,995)	-	(4,718,995)	-	(4,718,995)
Total other financing sources	1,089,312	(4,718,995)	3,629,683	-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources (Uses) Over Expenditures	2,777,027	(9,876,748)	(2,884,045)	(9,983,766)	9,983,766	-
Change in Net Position	-	-	-	-	19,401,775	19,401,775
Fund Balances/Net Position						
Beginning of year	3,998,794	13,718,654	2,892,507	20,609,955	336,461,579	357,071,534
End of year	$ 6,775,821	$ 3,841,906	$ 8,462	$ 10,626,189	$ 365,847,120	$ 376,473,309

See notes to financial statements.

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

Terrebonne Levee and Conservation District
Houma, Louisiana

For the year ended June 30, 2019

Net Change in Fund Balances - Governmental Fund		$ (9,983,766)
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	$40,581,041	
Depreciation expense	(13,784,271)	
Excess of capital outlay over depreciation expense		26,796,770
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction however as an effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
Principal payments		2,470,000
Some expenses 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.		
Amortization of bond premiums	284,522	
Other postemployment benefits	(219,025)	
Pension expense	61,856	
Compensated absences	(8,582)	118,771
Change in Net Position of Governmental Activities		$ 19,401,775

See notes to financial statements.

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

Terrebonne Levee and Conservation District
Houma, Louisiana

For the year ended June 30, 2019

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Revenues				
Taxes-ad valorem	$ 4,501,439	$ 4,602,829	$ 4,636,033	$ 33,204
Intergovernmental:				
State of Louisiana:				
State revenue sharing	110,000	102,537	115,821	13,284
Reimbursement grants	-	-	2,457	2,457
Miscellaneous:				
Interest	50,000	48,660	116,073	67,413
Other	500	6,220	25,002	18,782
Total revenues	4,661,939	4,760,246	4,895,386	135,140
Expenditures				
Current:				
General government:				
Ad valorem tax adjustment	45,455	45,455	45,455	-
Ad valorem tax deductions	155,984	155,984	155,984	-
Total general government	201,439	201,439	201,439	-
Public safety:				
Personal services:				
Salaries and related benefits	2,305,482	2,152,626	2,250,410	(97,784)
Supplies and materials:				
Office and shop supplies	29,000	22,924	16,288	6,636
Fuel for heavy equipment	700	676	127	549
Other services and charges:				
Disaster recovery	150,000	95,488	46,624	48,864
Insurance	206,795	83,195	163,408	(80,213)
Occupancy	49,000	50,124	69,952	(19,828)
Professional services	115,500	120,214	106,959	13,255
Travel and meals	15,600	12,447	15,598	(3,151)
Miscellaneous and other	19,800	17,976	44,522	(26,546)
Repairs and maintenance	112,500	110,774	110,821	(47)
Total public safety	3,004,377	2,666,444	2,824,709	(158,265)

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Expenditures (Continued)				
Capital outlay:				
General operations	20,000	87,379	29,909	57,470
Hurricane and flood protection	58,032	164,971	151,614	13,357
Total capital outlay	78,032	252,350	181,523	70,827
Total expenditures	3,283,848	3,120,233	3,207,671	(87,438)
Excess of Revenues Over Expenditures	1,378,091	1,640,013	1,687,715	47,702
Other Financing Sources (Uses):				
Transfers in	-	-	1,089,312	1,089,312
Excess of Revenues and Other Financing Sources over Expenditures	1,378,091	1,640,013	2,777,027	1,137,014
Fund Balance				
Beginning of year	4,106,517	3,998,794	3,998,794	-
End of year	$ 5,484,608	$ 5,638,807	$ 6,775,821	$ 1,137,014

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

Terrebonne Levee and Conservation District
Houma, Louisiana

June 30, 2019

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Terrebonne Levee and Conservation District (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 was created on July 1, 1997 by enactment of House Bill No. 1396 Regular Session, as a political subdivision of the State of Louisiana (the "State"). The District consists of all lands in Terrebonne Parish. The management and control of the District is vested in a Board of Directors (the "Board") appointed by the Governor from a list of nominees submitted by local state legislators, local government officials and civic groups. In addition to any other powers and duties provided by law, the primary duty of the Board shall be to establish, construct, operate and maintain flood control works as they relate to hurricane protection, tidewater flooding, saltwater intrusion and conservation. The Board has the authority to issue bonds and levy sales tax and ad valorem taxes on all property within the District.

The Governor is responsible for appointing the District's Board of Directors, but the State's accountability for the District is limited to making these appointments. The District is legally separate and fiscally independent of the State.

Because of fiscal interdependency 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, 2019.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Reporting Entity (Continued)

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.

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 basic financial statements consist of the government-wide statements on all activities of the District and the governmental fund financial statements (individual major funds).

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Basis of Presentation (Continued)

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. As a general rule, the effect of interfund activity has been removed from these statements. 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 fund financial statements place emphasis on the major funds in governmental categories. The daily accounts and operations of the District are organized on the basis of a fund and accounts groups, each of which is considered a separate accounting entity. The operations of the fund is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures. Governmental resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

The following are the governmental funds of the District:

General Fund - The General Fund is the general operating fund of the District. It is used to account for and report all financial resources except those that are required to be accounted and reported for in another fund. The General Fund is always a major fund.

Morganza to the Gulf Fund - The Morganza to the Gulf Fund is used to account for and report the proceeds from bonds, drawdowns of a dedicated ¼% sales tax from the Parish, a dedicated ½% sales tax levied by the District, expenditures and related reimbursements for the Morganza to the Gulf Hurricane Protection Project. The purpose of the Morganza to the Gulf Fund is for the construction and maintenance of a hurricane protection system. Sales tax and drawdowns from the Parish are legally restricted to expenditures for the Morganza to the Gulf Hurricane Protection Project. The Morganza to the Gulf Fund is a capital projects fund and is reported as a major fund.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Basis of Presentation (Continued)

Fund Financial Statements: (Continued)

Debt Service Fund - The Debt Service Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for debt principal, interest and related costs. The Debt Service Fund is reported as a major 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.

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 and the related state revenue sharing (intergovernmental revenue) are recognized in the year for which they are levied. Ad valorem tax adjustments and deductions are recognized as expenses for the year in which the related property tax revenue is recognized.

Fund Financial Statements:

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

Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Measurement Focus and Basis of Accounting (Continued)

Fund Financial Statements: (Continued)

Non-exchange transactions, in which the District receives value without giving value in return, include sales tax, property tax and grants. Grant revenue from the Federal government, the State of Louisiana and Terrebonne Parish Consolidated Government, is recognized in the fiscal year in which all eligibility requirements have been satisfied. Ad valorem taxes and the related state revenue sharing (intergovernmental revenue) are recorded as revenue in the period for which levied. Thus, the 2018 property taxes which are being levied to finance expenditures for the 2019 calendar year will be recognized, as revenue in the calendar year ending December 31, 2019. Accordingly approximately one half of the 2018 tax levy is recorded as deferred inflows of resources in the General Fund as of June 30, 2019. Ad valorem tax adjustments represent unpaid taxes that are recognized as general government expenditures when the related tax levy is recognized as revenue. Ad valorem tax deductions represent withheld amounts to fund expenditures of the Terrebonne Parish Assessor and are also recognized as general government expenditures when the related tax revenue is recognized. Sales and use taxes are considered "measurable" when the underlying transaction occurs and meets the availability criteria. Anticipated refunds of such taxes are recorded as fund liabilities and reductions of revenue when they are measurable and valid. Miscellaneous revenues are recorded as revenues when received in cash by the District or an intermediary collecting agency because they are generally not measurable or available until actually received.

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

d) Use of Estimates

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Operating Budgetary Data

As required by the Louisiana Revised Statutes 39:1303, the Board adopted a budget for the District's General Fund. The Board also adopted an annual budget for its capital projects fund, Morganza to the Gulf, and Debt Service Fund. The budgetary practices include public notice of the proposed budget, public inspection of the proposed budget and a public hearing on the budget prior to adoption. Any amendment involving the transfer of monies from one function to another or increases in expenditures must be approved by the Board. The District amended its budgets once during the year ended June 30, 2019. All budgeted amounts which are not expended, or obligated through contracts, lapse at year end.

The budget practices of the District are subject to the provisions of R.S. 38:318.

The General Fund, Morganza to the Gulf and Debt Service Fund budgets are adopted on the modified accrual basis.

f) Accounts Receivable

The financial statements for the District contain no allowance for uncollectible accounts. Uncollectible amounts due for ad valorem taxes and disallowed costs due from grants are recognized as reductions in revenue 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) Capital Assets

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

Government-wide Financial Statements:

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets purchased or acquired with an original cost of $500 or more are valued at historical cost. Construction costs for hurricane and flood protection systems are included in capital assets being depreciated as liabilities for those costs are incurred. 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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Capital Assets (Continued)

Government-wide Financial Statements: (Continued)

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:

Hurricane protection infrastructure	40 years
Building	40 years
Equipment, furniture, and fixtures	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.

h) Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Financial Position and Governmental Fund Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenses/expenditures) until then.

In addition to liabilities, the Statement of Financial Position and Governmental Fund Balance Sheet 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 (revenue) until then.

i) Long-Term Obligations

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Long-Term Obligations (Continued)

Government-wide Financial Statements:

All long-term obligations to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term obligations consist of revenue bonds, public improvement bonds, accrued compensated absences - annual leave, other postemployment benefits and net pension liability.

Fund Financial Statements:

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. Obligation proceeds are reported as other financing sources and payments of principal and interest are reported as expenditures. Expenses for compensated absences, other postemployment benefits and retirement are recognized when the obligation for payment is incurred.

j) Compensated Absences

Employees earn and accumulate annual and sick leave at various rates, depending on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees or their heirs are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. However, unused sick leave is not paid upon termination. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave are used to compute retirement benefits.

In the government-wide financial statements, the net change in accumulated annual leave liability is recorded as an expense and the total a long-term obligation. In accordance with GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, no compensated absences liability is recorded as of June 30, 2019 in the governmental fund-type financial statements.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Other Postemployment Benefits

GASB No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions*, requires governments to accrue postemployment benefits to the extent it is probable the employer will provide benefits conditioned on the employees' retirement. The District has recorded liabilities for postemployment health care and life insurance benefits as of June 30, 2019.

In the government-wide financial statements the other postemployment benefits liability is recorded as long-term obligations.

In the governmental fund type fund financial statements other postemployment benefit expenditures are recognized in the amount contributed to the plan or expected to be liquidated with expendable available financial resources. Expendable available financial resources generally refer to other postemployment benefits payments due and payable as of the end of the year.

l) Pensions

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

m) Interfund Transactions

In the governmental fund financial statements, interfund activity is reported as either loans or transfers. Loans between funds are reported as interfund receivables (due from) and payables (due to) as appropriate. Transfers represent permanent reallocation of resources between funds. In other words, they are not expected to be repaid. For reporting purposes, all interfund transactions between individual governmental funds have been eliminated in the government-wide financial statements. As of June 30, 2019, the District did not have any interfund balances loans/borrowing arrangements. Interfund balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Transfers are used to (1) move

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m) Interfund Transactions Continued)

revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

n) Fund Equity

Government-wide Statements:

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

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.

Restricted net position - Consists of assets less liabilities with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net 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.

Fund Financial Statements:

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

a. Non-spendable - amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n) Fund Equity (Continued)

Fund Financial Statements: (Continued)

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 Board. Commitments may be established, modified, or rescinded only through resolutions approved by the Board.

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 through a majority vote of the Board or by the Executive Director or his nominee.

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 restricted and unassigned as of June 30, 2019.

o) New GASB Statements

During the year ending June 30, 2019, the District implemented the following GASB Statements:

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. This statement did not affect the District's financial statements.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) New GASB Statements (Continued)

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. 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. 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. 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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) New GASB Statements (Continued)

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, 2020. Earlier application is encouraged. Management has not yet determined the effect of this statement on the financial statements.

Statement No. 89, *"Accounting for Interest Cost Incurred before the End of a Construction Period"* establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5 through 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"* the primary objectives of this statement are to improve the consistency and comparability of reporting government's majority equity interest in legally separate organization and to improve the relevance of financial statement information for certain component units. It specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method. This statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as component unit. The requirements of this statement are effective for reporting period beginning after December 15, 2018. Management has not yet determined the effect of this statement on the financial statements.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) New GASB Statements (Continued)

Statement No. 91, *"Conduit Debt Obligations"* provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this statement are effective for reporting periods beginning after December 15, 2020. Management has not yet determined the effect of this statement on the financial statements.

Note 2 - DEPOSITS AND INVESTMENTS

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

Bank Deposits:

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

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has a written policy for custodial credit risk which requires compliance with state law. As of June 30, 2019, $14,925,165 of the District's bank balance of $15,175,165 (report value of $14,977,765) 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 statues.

Note 2 - DEPOSITS AND INVESTMENTS (Continued)

Bank Deposits: (Continued)

As of June 30, 2019, deposits in excess of the FDIC insurance were collateralized in accordance with state law by securities held by unaffiliated banks for the account of the District. GASB, which promulgates the standards for accounting and financial reporting for state and local governments, considers these deposits subject to custodial credit risk.

Even though the pledged securities are considered subject to custodial credit risk under the provisions of GASB Statement No. 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

Investments:

State statutes authorize the District to invest in obligations of the U.S. Treasury, agencies, and instrumentalities; guaranteed investment contracts and investment grade (A-1/P1) commercial paper of domestic corporations; repurchase agreements; and the Louisiana Asset Management Pool (LAMP).

As of June 30, 2019, the District had the following investments and maturities:

		Weighted	Investment Maturities	
	Fair	Average	Less Than	One to
Investment Type	Value	Maturity	One Year	Two Years
Fidelity Government Portfolio Money Market Fund	$6,280,254	24 days	n/a	n/a
U.S. Treasury Bills	750,612		$499,922	$250,690
	$7,030,866			

The District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy as follows:

Level 1- Quoted prices for identical investments in active markets;
Level 2- Observable inputs other than quoted market prices, and,
Level 3- Unobservable inputs.

Note 2 - DEPOSITS AND INVESTMENTS (Continued)

Investments: (Continued)

Investment by Fair Value	Fair Value	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Money Market Fund				
Fidelity Government Portfolio	$ 6,280,254	$ 6,280,254	$ -	$ -
Debt Securities				
U.S. Treasury Bills	750,612	750,612	-	-
	$ 7,030,866	$ 7,030,866	$ -	$ -

Interest rate risk is the risk that the District is exposed to fair value losses from increasing interest rates. The District does not have a formal policy limiting maturities that would help manage interest rate risk. The above table includes the District's investment in U.S. Treasury Bills, $499,922 of the portfolio balance of $750,612, matures within one year and the remaining balance of $250,690 matures within two years, limiting the District's exposure to interest rate risk.

Custodial credit risk for investments is the risk that, in the event of bank failure, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investment policy for custodial risk follows the investment policy statutes of the state.

Credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's investment policy for credit risk follows the investment policy in state statutes. The District has no investments that are certificates of deposit which are covered by FDIC insurance. All of the District's investments are U.S. government securities which are not considered to have custodial risk.

The District's investment policy places no limit on the amount the District may invest in any one issuer. Investments issued by or explicitly guaranteed by the U.S. government are exempt from concentration of credit risk disclosures.

Certain cash and investments of the District are legally restricted for specified purposes. The major types of restrictions as of June 30, 2019 were (a) those imposed by revenue source (i.e., sales tax), (b) debt service funds, and (c) unspent debt proceeds.

Note 2 - DEPOSITS AND INVESTMENTS (Continued)

A reconciliation of deposits and investments as shown on the Statement of Net Position is as follows:

Cash on hand	$ 470
Reported amount of deposits	14,977,765
Reported amount of investments	7,030,866
Total	$22,009,101
Cash and cash equivalents	$21,258,489
Investments	750,612
Total	$22,009,101

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 June 30, 2019 was $4.89 per $1,000 of assessed valuation on property within Terrebonne Levee and Conservation District for the purpose of acquiring, constructing, maintaining and operating hurricane protection facilities within the District.

As indicated in Note 1c, taxes levied November 1, 2018 are used to fund expenditures in calendar year 2019, therefore, one half of the 2018 tax levy is recognized as revenues in the fiscal year ended June 30, 2019 and one half in the year ending Juned 30, 2020. The one half of the 2018 tax levy and related state revenue sharing to be recognized as revenues in the fiscal year ending June 30, 2020 amounted to $2,298,844 and is reported as deferred inflows of resources in the General Fund as of June 30, 2019.

Note 4 - DUE TO AND FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units as of June 30, 2019 consisted of the following:

	General Fund	Morganza to the Gulf Fund
State of Louisiana:		
Coastal Protection and Restoration Authority	$ -	$1,040,070
FEMA	-	35,507
Terrebonne Parish Sheriff	10,528	-
Terrebonne Parish Consolidated Government:		
Capital projects grants	-	2,208,730
Sales and use tax department	-	928,986
Totals	$10,528	$4,213,293

Amounts due to other governmental units as of June 30, 2019 consisted of the following:

For the Year Ended June 30,	Amount
2020	$320,851
2021	132,006
2022	(75,861)
2023	(11,360)
Total	$365,636

The amount due to the state is for a short-term loan from the Louisiana State Coastal Protection and Restoration Authority for assistance in meeting expenditures incurred during the 2011 High River Flood Threat. The loan was for $500,000, non-interest bearing and is due upon demand by the state.

Note 5 - CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019 was as follows:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Capital assets not being depreciated:				
Land	$ 121,461	$ -	$ -	$ 121,461
Capital assets being depreciated:				
Office building	690,971	2,555	-	693,526
Equipment, furniture, and fixtures	4,886,045	41,285	-	4,927,330
Hurricane and flood protection system infrastructure	515,697,477	40,537,201	-	556,234,678
Total capital assets being depreciated	521,274,493	40,581,041	-	561,855,534
Less accumulated depreciation for:				
Office building	(111,157)	(18,460)	-	(129,617)
Equipment, furniture, and fixtures	(2,604,427)	(366,769)	-	(2,971,196)
Hurricane and flood protection system infrastructure	(84,570,173)	(13,399,042)	-	(97,969,215)
Total accumulated depreciation	(87,285,757)	(13,784,271)	-	(101,070,028)
Total capital assets being depreciated, net	433,988,736	26,796,770	-	460,785,506
Total capital assets, net	$ 434,110,197	$26,796,770	$ -	$ 460,906,967

Depreciation expense amounted to $13,784,271 and was charged to public safety activities during the year ended June 30, 2019.

Note 5 - CHANGES IN CAPITAL ASSETS (Continued)

Construction Commitments

The District has active construction projects as of June 30, 2019. At year end the District's commitments with contractors are as follows:

Project	Spent To Date	Remaining Commitment
Falgout Canal Flood Control	$34,633,790	$ 731,784
Falgout Canal South Levee Tie-In	4,124,597	5,315,152
Foh's Canal Bridge Strengthening	6,306,703	1,440,795
HNC Lock Pile Load Test	844,574	1,495,680
Lower Dularge East Levee Embankment & Rehab	134,496	2,863,954
PAC Reach J-1 and J-2 Embankment & Rehab	3,228,506	1,977,244
Reach I Embankment & Rehab	5,140,622	82,302
Reach H-2 & Reach H-3 Rehab	-	1,091,400
Totals	$54,413,288	$14,998,311

Note 6 - ACCOUNTS PAYABLE AND ACCRUED EXPENDITURES

Accounts payable and accrued expenditures as of June 30, 2019 consisted of the following:

	General Fund	Morganza to the Gulf Fund
Vendors	$42,481	$4,599,784
Accrued salaries and wages	27,449	-
Totals	$69,930	$4,599,784

Note 7 - LONG-TERM OBLIGATIONS

The District issued $91,190,000 of Public Improvement Sales Tax Bonds, Series 2013 during the year ended June 30, 2014 for the purpose of constructing hurricane protection infrastructure (Morganza to the Gulf Hurricane Protection Project). The bonds shall bear interest at an average rate of 4.78%, and are repayable through July 1, 2038 primarily from sales tax revenues, totaling $10,874,151 for the year ended June 30, 2019. As of June 30, 2019 the balance on the bonds was $77,405,000 and $4,935,000 was available for financing of qualified capital expenditures. As of June 30, 2019, the principal and interest payment due July 1, 2019 was held by the bond paying agent and was considered paid in the financial statements.

The District issued $10,000,000 of Revenue Bonds, Series 2017 during the year ended June 30, 2019 for the purpose of constructing the Falgout Canal Floodgate Project, additional flood control, and hurricane risk reduction projects. The balance of the bonds totaling $10,000,000 remains outstanding as of June 30, 2019. The bonds shall bear at a fixed rate of 2.55% during the initial purchase rate period and are repayable through July 1 2040 primarily from sales tax revenues, totaling $10,874,151 for the year ended June 30, 2019. Payments on principal will not be made until July 1, 2020. As of June 30, 2019, the interest payment due July 1, 2019 was held by the bond paying agent and considered paid at the end of the fiscal year. Furthermore, it is anticipated the July 1, 2020 will be in the hands of the bond paying agent as of June 30, 2020 and is, therefore, shown as payable within one year.

The following is a summary of the changes in long-term obligations of the District for the year ended June 30, 2019:

	Payable July 1, 2018	Obligations Retired	New Issues	Payable June 30, 2019	Due Within One Year
Public improvement bonds	$79,875,000	$2,470,000	$ -	$77,405,000	$2,595,000
Series 2017, revenue bonds	10,000,000	-	-	10,000,000	10,000
Unamortized bond premium	3,426,711	284,522	-	3,142,189	275,337
Accumulated unpaid annual leave	136,882	-	8,582	145,464	-
Net pension liability	3,345,556	241,398	-	3,104,158	-
Other postemployment benefits,	1,681,905	-	405,616	2,087,521	-
Totals	$98,466,054	$2,995,920	$414,198	$95,884,332	$2,880,337

Compensated absences, other postemployment benefits and net pension liability are described in Notes 1j, 8, and 9, respectively.

Note 7 - LONG-TERM OBLIGATIONS (Continued)

The annual requirements to amortize all long-term debt outstanding as of June 30, 2019 assuming the complete drawdown of the Public Improvement Sales Tax Bonds, Series 2013 are as follows:

Year	Principal	Interest	Totals
2020	$ 2,605,000	$ 3,956,950	$ 6,561,950
2021	2,970,000	3,826,945	6,796,945
2022	3,115,000	3,684,448	6,799,448
2023	3,265,000	3,534,945	6,799,945
2024	3,420,000	3,378,065	6,798,065
2025-2029	19,550,000	14,439,098	33,989,098
2030-2034	24,230,000	9,755,322	33,985,322
2035-2039	30,925,000	3,522,627	34,447,627
2040	2,260,000	57,630	2,317,630
Totals	$92,340,000	$46,156,030	$ 138,496,030

Note 8 - POSTEMPLOYMENT HEALTHCARE BENEFITS

Plan Description

The District provides certain continuing health care and life insurance benefits for its retired employees. The District's OPEB Plan (the "Plan") is a single-employer defined benefit OPEB plan administered by the District. The authority to establish and/or amend the obligation of the employer, employees and retirees rests with the District. No assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board (GASB) Codification Section P52 *Postemployment Benefits Other Than Pensions-Reporting For Benefits Not Provided Through Trusts That Meet Specified Criteria-Defined Benefit.*

Medical benefits are provided through the Louisiana Office of Group Benefits (OGB) and involve several statewide networks and one HMO with a premium structure by region. The OGB plan is a fully insured, multiple-employer arrangement. Medical benefits are provided to employees upon actual retirement based on the following retirement eligibility (DROP entry) provisions: 30 years of service at any age; age 55 and 25 years of service; or, age 60 and 10 years of service.

Note 8 - POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

Life insurance coverage under the OGB program is available to retirees by election and is based on the OGB blended rates (active and retired). The employer pays 50% of the cost of the retiree life insurance. While GASB 75 requires the use of "unblended" rates, we have used the OGB life insurance rates. Although they are "blended" rates, the blending is calculated across all covered groups and the blended rates are extraordinarily high; indeed, they are higher than the estimated "unblended" table which we considered using. Insurance coverage amounts are reduced at age 65 and again at age 70 according to the OGB plan provisions.

Employee Covered by Benefit Terms

Inactive employees currently receiving benefits payments	2
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	22
Total	24

The District's total OPEB liability of $2,087,521 was measured as of June 30, 2019 and was determined by an actuarial valuation as of July 1, 2017.

Total OPEB Liability

Actuarial Assumptions and Other Inputs

The total OPEB liability as of June 30, 2019 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Measurement date	June 30, 2019
Actuarial valuation date	July 1, 2017
Inflation	2.50%
Salary increases, include inflation	4.00%
Discount rate	3.50%
Healthcare cost trend rates	5.50%

The discount rate was based on the average of the Bond Buyers' 20 Year General municipal bond index as of June 30, 2019.

Note 8 - POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

Total OPEB Liability (Continued)

Actuarial Assumptions and Other Inputs (Continued)

Mortality rates were based on the RP-2000 Table without project with 50%/50% unisex blend.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of ongoing evaluations of the assumptions from July 1, 2009 to June 30, 2019.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance as of June 30, 2018	$ 1,681,905
Changes for the year:	
Service cost	146,972
Interest	67,934
Difference between expected and actual experience	95,354
Changes in assumptions	98,343
Benefit payments	(2,987)
Net changes	405,616
Balance as of June 30, 2019	$ 2,087,521

Sensitivity to the 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 (2.50%) or (4.50%) higher than the current discount rate.

	1.0% Decrease (2.50%)	Current Discount Rate (3.50%)	1.0% Increase (4.50%)
Total OPEB Liability	$ 2,446,438	$ 2,087,521	$ 1,802,641

Note 8 - POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

Total OPEB Liability (Continued)

Sensitivity to the Total OPEB Liability to Changes in the Health Cost Trend Rates

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 (4.50%) or higher (6.50%) than healthcare cost trend rates.

	1.0% Decrease (4.50%)	Current Health Cost Trend (5.50%)	1.0% Increase (6.50%)
Total OPEB Liability	$ 1,800,726	$ 2,087,521	$ 2,453,170

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

For the year ended June 30, 2019, the District recognized OPEB expense of $228,629. As of June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 53,582	$ -
Changes in assumptions	31,696	-
Totals	$ 85,278	$ -

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as shown on the following page:

Note 8 - POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

Total OPEB Liability (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

For the Year Ended June 30,	Amount
2020	$ 7,106
2021	7,106
2022	7,106
2023	7,106
2024	7,106
Thereafter	49,748
Total	$ 85,278

Note 9 - PENSION PLAN

Plan Description. Employees of the District are provided with pensions through a cost-sharing multiple-employer defined benefit plan administered by the Louisiana State Employees' Retirement System (LASERS). Section 401 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401) grants to the LASERS Board of Trustees and the Louisiana Legislature the authority to review administration, benefit terms, investments, and funding of the plan. LASERS issues a publicly available financial report that can be obtained at www.lasersonline.org.

Benefits Provided. LASERS provides retirement, deferred retirement, disability and death benefits. Retirement benefits are generally equal to 2.5% of the average compensation multiplied by the years of creditable service. Members may either retire with full benefits at any age upon completing 30 years of service or at age 60 after completing 10 years of service. Additionally, members may choose to retire with 20 years of service at any age with an actuarially reduced benefit. The State legislature authorized LASERS to establish a Deferred Retirement Option Plan (DROP). When a member enters DROP their status changes from active to retired even though they continue to work and draw their salary for up to three years. During DROP participation, accumulated benefits that would have been paid are separately tracked in the participant's DROP account. When participation in DROP ends, the participant must choose among available alternatives for distribution of benefits accumulated in the DROP account. The

Note 9 - PENSION PLAN (Continued)

election to participate in DROP is irrevocable once participation begins. Members with 10 or more years of service who become disabled may receive retirement benefits determined in the same manner as retirement benefits. Death benefits are payable to eligible surviving dependents based on the deceased member's compensation and the dependent's relationship to the deceased member. LASERS provides permanent benefit increases, cost of living adjustments (COLA) as approved by the State legislature.

Contributions. The employer contribution rate for all employees is established annually under La. R.S. 11:101-11:104 by the Public Retirement Systems' Actuarial Committee (PRSAC), taking into consideration the recommendation of the System's Actuary. Contribution requirements of active employees, 7.5% if hired before July, 1 2006 and 8% if hired after June 30, 2006, are governed by Section 401 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401). The District's contractually required composite contribution rate for the year ended June 30, 2019 was 37.90% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contributions to the pension plan from the District were $373,571 for the year ended June 30, 2019.

Pension Liabilities. As of June 30, 2019, the District reported a liability of $3,104,158 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. As of June 30, 2018, the District's proportion was .04552% which was a decrease of .00201% from its proportion measured as of June 30, 2017.

Pension Expense. For the year ended June 30, 2019, the District recognized a pension expense of $348,034.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. As of June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources on the next page:

Note 9 - PENSION PLAN (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$34,810
Net difference between projected and actual earnings on pension plan investments	40,251	-
Change in assumptions	31,587	-
Changes in proportion	328,608	-
District contributions subsequent to the measurement date	373,571	-
Totals	$774,017	$34,810

The District reported $373,571 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For the Year Ended June 30,	Amount
2020	$320,851
2021	132,006
2022	(75,861)
2023	(11,360)
Total	$365,636

Note 9 - PENSION PLAN (Continued)

Actuarial Assumptions. The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial methods and assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining Service Lives	3 years.
Investment Rate of Returns	7.65% per annum.
Inflation Rate	2.75% per annum.
Mortality	**Non-disabled members** - Mortality rates based on the RP-2000 Combined Healthy Mortality Table with mortality improvement projected to 2015. **Disabled members** - Mortality rates based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement.
Termination, Disability, and Retirement	Termination, disability, and retirement assumptions were projected on a five year (2009 - 2013) experience study of the System's members.
Salary Increases	Salary increases were projected based on a 2009 - 2013 experience study of the System's members. The salary increase ranges from 3.8% to 12.8% for regular members.
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees and they were deemed not to be substantively automatic.

Note 9 - PENSION PLAN (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018 are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Cash	-0.48%
Domestic Equity	4.31%
International Equity	5.26%
Domestic Fixed Income	1.49%
International Fixed Income	2.23%
Alternative Investments	7.67%
Risk Parity	4.96%
Total fund	5.40%

Discount Rate. The discount rate used to measure the total pension liability was 7.65%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions from participating employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Collective Net Pension Liability to Changes in the Discount Rate. The table on the next page presents the District's proportionate share of the collective net pension liability using the discount rate of 7.65%, as well as what the District's proportionate share of the collective net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.65%) or one percentage-point higher (8.65%) than the current rate:

Note 9 - PENSION PLAN (Continued)

	1.0% Decrease (6.65%)	Current Discount Rate (7.65%)	1.0% Increase (8.65%)
District's proportionate share of the collective net pension liability	$3,917,654	$3,104,158	$2,403,538

Note 10 - 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; and natural disasters for which the District carries commercial insurance. No settlements were made during the year that exceeded the District's insurance coverage.

Note 11 - CONTINGENCIES

The District is named as a defendant in legal claims arising in the ordinary course of operations. In the opinion of management, the ultimate resolution of these matters should not materially affect the financial statements of the District.

The District receives funding under grants from various federal and state governmental agencies. The agency grants specify the purpose for which the grant monies are to be used; the grants are subject to audit by the granting agency or its representative.

Note 12 - STATE OF LOUISIANA TAX ABATEMENT

District property tax revenues for the year ended June 30, 2019 were reduced by $223,451 under the Louisiana Industrial Tax Ad Valorem Tax Exemption Program which were entered into by the State of Louisiana.

Note 13 - COMPENSATION OF BOARD MEMBERS

Per Diem payments are authorized by Louisiana Revised Statute 38:308 and are included in the personal service expenditures of the General Fund. Board members are paid $117.75 per day, to a maximum of 36 days per year, for board meetings and official business.

Note 13 - COMPENSATION OF BOARD MEMBERS (Continued)

The following amounts were paid to Board Members for the year ended June 30, 2019:

Board Member	Number of Days	Per Diem	
Anthony Alford, President	25	$ -	*
James Butler	8	942	
Tenner Cenac	19	2,237	
Carl Chauvin	28	3,297	
Walton Daisy	27	3,179	
Leward Henry	28	3,297	
Jack Moore	22	-	*
Lee Shaffer	17	2,002	
Daniel Walker	25	2,944	
		$ 17,898	

* Anthony Alford and Jack Moore waived their right to receive a per diem.

Note 14 - 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 December 18, 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 Levee and Conservation District
Houma, Louisiana

For the year ended June 30, 2019

	2019	2018
Total OPEB liability		
Service cost	$ 146,972	$ 159,564
Interest	67,934	62,000
Changes of benefit terms	-	-
Difference between expected and actual experience	95,354	(40,177)
Changes in assumptions or other inputs	98,343	(68,929)
Benefit payments	(2,987)	(2,831)
Net change in total OPEB liability	405,616	109,627
Total OPEB liability, beginning of year	1,681,905	1,572,278
Total OPEB liability, end of year	$ 2,087,521	$ 1,681,905
Covered employee payroll	$ 1,090,353	$ 1,058,595
Total OPEB liability as a percentage of covered employee payroll	191.45%	158.88%
Notes to schedule:		
Changes of benefit terms:	None	None
Changes of assumptions and other inputs reflected the effects of changes in the discounts rate each period	3.50%	3.87%

The schedule is provided prospectively beginning with the District's fiscal year ended June 30, 2018 and is intended to show a ten year trend. Additional years will be reported as they become available.

Exhibit H

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Terrebonne Levee and Conservation District
Houma, Louisiana

For the year ended June 30, 2019

	2019	2018	2017	2016
District's proportion of the net pension liability	0.04552%	0.04753%	0.04713%	0.04304%
District's proportionate share of the net pension liability	$3,104,158	$3,345,556	$3,701,065	$2,927,574
District's covered-employee payroll	$1,029,887	$1,077,258	$1,010,673	$ 943,939
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	301.408%	310.562%	366.198%	310.144%
Plan fiduciary net position as a percentage of the total pension liability	64.30%	62.50%	57.70%	62.70%

The schedule is provided prospectively beginning with the District's fiscal year ended June 30, 2016 and is intended to show a ten year trend. Additional years will be reported as they become available.

SCHEDULE OF DISTRICT CONTRIBUTIONS

Terrebonne Levee and Conservation District
Houma, Louisiana

June 30, 2019

	2019	2018	2017	2016
Contractually required contributions	$ 373,571	$ 390,327	$ 385,658	$ 375,970
Contributions in relation to the contractually required contribution	(373,571)	(390,327)	(385,658)	(375,970)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 985,675	$ 1,029,887	$ 1,077,258	$ 1,010,673
Contributions as a percentage of covered - employee payroll	37.90%	37.90%	35.80%	37.20%

The schedule is provided prospectively beginning with the District's fiscal year ended June 30, 2016 and is intended to show a ten year trend. Additional years will be reported as they become available.

SUPPLEMENTARY INFORMATION

SCHEDULE OF GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - MORGANZA TO THE GULF FUND

Terrebonne Levee and Conservation District
Houma, Louisiana

For the year ended June 30, 2019

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Revenues				
Taxes-sales and use	$ 10,200,000	$ 9,761,870	$ 10,874,151	$ 1,112,281
Intergovernmental:				
Federal:				
CDBG	17,609,598	17,416,948	13,460,605	(3,956,343)
FEMA	-	42,581	148,942	106,361
State of Louisiana:				
State reimbursement grants	31,798,134	22,088,288	3,700,866	(18,387,422)
Terrebonne Parish Consolidated Government:				
Sales tax	5,100,000	5,564,115	5,865,241	301,126
Bond proceeds	-	2,403,582	5,270,820	2,867,238
Miscellaneous:				
Interest	6,000	1,000	180,262	179,262
Other	-	17,995	18,022	27
Total revenues	64,713,732	57,296,379	39,518,909	(17,777,470)
Expenditures				
Public safety:				
Supplies and materials	177,500	170,336	183,839	(13,503)
Other services and charges:				
Disaster recovery	50,000	-	2,971,540	(2,971,540)
Insurance	9,000	277,162	277,162	-
Occupancy	9,540	150	3,499	(3,349)
Professional services	90,500	128,501	141,095	(12,594)
Travel and meals	7,500	19	19	-
Miscellaneous and other	152,500	120,411	130,184	(9,773)
Repairs and maintenance	700,000	481,854	569,806	(87,952)
Total public safety	1,196,540	1,178,433	4,277,144	(3,098,711)
Capital outlay:				
General operations	420,000	310,685	13,931	296,754
Hurricane and flood protection	86,856,830	43,194,288	40,385,587	2,808,701
Total capital outlay	87,276,830	43,504,973	40,399,518	3,105,455
Total expenditures	88,473,370	44,683,406	44,676,662	6,744

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Deficiency of Revenues Over Expenditures	(23,759,638)	12,612,973	(5,157,753)	(17,770,726)
Other Financing Sources (Uses):				
Proceeds from issuance of bonds	15,000,000	-	-	-
Transfers in	-	110,833	-	-
Transfers out	-	-	(4,718,995)	(4,718,995)
Total other financing sources	15,000,000	110,833	(4,718,995)	(4,718,995)
Deficiency of Revenues and Other Financing Sources over Expenditures	(8,759,638)	12,723,806	(9,876,748)	(22,489,721)
Fund Balances/Net Position				
Beginning of year	14,013,577	13,718,654	13,718,654	-
End of year	$ 5,253,939	$ 26,442,460	$ 3,841,906	$ (22,489,721)

Schedule 2

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

Terrebonne Levee and Conservation District

Houma, Louisiana

For the year ended June 30, 2019

Agency Head Name: Reggie Dupre, Executive Director

Purpose	
Salary	$ 150,723
Benefits - insurance	21,403
Benefits - retirement	57,124
Benefits - other	-
Car allowance	12,000
Vehicle provided by government	-
Per diem	-
Reimbursements	2,812
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-
	$ 244,062

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 Levee and Conservation District,
Houma, Louisiana.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Terrebonne Levee and Conservation District (the "District"), a component unit of the Terrebonne Parish Consolidated Government, as of and for the year ended June 30, 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 December 18, 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 are less severe than a material weakness, yet important enough to merit attention by those charges with governance.

P.O. BOX 2168 • HOUMA, LA 70361-2168 • 985.868.0139
P.O. Box 60600 • NEW ORLEANS, LA 70160-0600 • 504.831.4949 • BOURGEOISBENNETT.COM

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 have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2019-001, that we consider to be a material weakness.

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.

The District's Response to Management Letter Comments

Management's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The 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 results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bourgeois Bennett, L.L.C.

Certified Public Accountants

Houma, Louisiana.
December 18, 2019.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Commissioners,
Terrebonne Levee and Conservation District,
Houma, Louisiana.

Compliance

We have audited the compliance of Terrebonne Levee and Conservation District, (the "District") a component unit of Terrebonne Parish Consolidated Government, State of Louisiana with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2019. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on the compliance for the District's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

P.O. BOX 2168 • HOUMA, LA 70361-2168 • 985.868.0139
P.O. Box 60600 • NEW ORLEANS, LA 70160-0600 • 504.831.4949 • BOURGEOISBENNETT.COM

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination on the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirement referred to above. In planning and performing our audit, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each federal major program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
December 18, 2019.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Terrebonne Levee and Conservation District
Houma, Louisiana

For the year ended June 30, 2019

Federal Grantor/Pass - Through Grantor/Program Title	Federal CFDA Number	Federal Award/ Pass-Through Entity Identifying Number	Federal Expenditures	Sub-recipients
U.S. Department of Housing and Urban Development				
Pass-Through Program From Louisiana				
Division of Administration				
Pass Through Program From Terrebonne				
Parish Consolidated Government				
CDBG Disaster Recovery Program				
Grant Award - Parish Implemented Recovery Program	14.228	CFMS #678958	$13,460,911	$ -
U.S. Department of Homeland Security				
Pass-Through Program From Louisiana				
Office of Homeland Security and				
Emergency Preparedness:				
Disaster Grants-				
Public Assistance 2016 Severe Storms and Flooding	97.036	FEMA-3376-PA-LA	19,604	-
Public Assistance Tropical Storm Nate	97.036	FEMA-3392-PA-LA	31,774	-
Public Assistance 2011 Mississippi River Spring Flooding	97.036	FEMA-4015-PA-LA	74,588	-
Public Assistance Tropical Storm Lee	97.036	FEMA-4041-PA-LA	22,977	-
Total Department of Homeland Security			148,943	-
Total Expenditures of Federal Awards			$13,609,854	$ -

See Notes to Schedule of Expenditures of Federal Awards.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Terrebonne Levee and Conservation District
Houma, Louisiana

For the year ended June 30, 2019

Note 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "SEFA") includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2019. The information in this SEFA is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Expenditures reported on the SEFA are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) The District has elected not to use the 10% *de minimis* indirect cost rate as allowed under the Uniform Guidance.

Note 3 - SUBRECIPIENTS

The District did not pass-through any of its federal awards to a subrecipient during the fiscal year.

Note 4 - NON-CASH ASSISTANCE

No Federal awards were expended in the form of non-cash assistance during the fiscal year.

Note 5 - FINDINGS OF NONCOMPLIANCE

There were no Federal award findings or questioned costs reported during the audit for the year ended June 30, 2019.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Terrebonne Levee and Conservation District
Houma, Louisiana

For the year ended June 30, 2019

Section I - Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? ____ Yes __X__ No

b) Federal Awards

Internal control over major programs:

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

Type of auditor's report issued on compliance for major programs: unqualified

- Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance? ____ Yes __X__ No

Section I - Summary of Auditor's Results (Continued)

c) Identification of Major Programs:

CFDA Number	Name of Federal Program
14.228	CDBG Disaster Recovery Program Grant Award - Parish Implemented Recovery Program

Dollar threshold used to distinguish between Type A and Type B programs: $750,000

Auditee qualified as a low-risk auditee? ____ Yes _X_ No

Section II - Financial Statement Findings

Internal Control Over Financial Reporting

2019-001 Reporting Cash and Cash Equivalents

Criteria - Internal controls over financial reporting requires complete and accurate reporting of cash and cash equivalent accounts.

Condition - The District failed to record significant transactions included in its cash equivalent accounts with Regions Bank.

Cause - Activity on the monthly statements from Regions Bank was not recorded in the Districts books and records nor was a reconciliation of the accounts to the general ledger prepared.

Effect - The failure to record activity in the Regions Bank accounts resulted in the over reporting of current assets by $7,524,405, including the under reporting of payments for principle and interest on long-term debt amounting to $6,295,450.

Recommendation - Monthly account reconciliations and adjusting journal entries must be prepared for the Regions Bank accounts just as reconciliations and adjusting journal entries are prepared for the operating bank accounts.

Views of responsible officials of the auditee when there is disagreement with the findings, to the extent practical. - None.

Section II - Financial Statement Findings (Continued)

Compliance and Other Matters

There were no financial statement compliance findings noted in the audit of June 30, 2019.

Section III - Federal Award Findings and Questioned Costs

There were no Federal award findings or questioned costs reported during the audit for the year ended June 30, 2019.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

Terrebonne Levee and Conservation District
Houma, Louisiana

For the year ended June 30, 2019

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

Internal Control Over Financial Reporting

2018-001 Public Notices

Recommendation - We recommend that the District publish Board meeting minutes for all meetings that occurred during the year ended June 30, 2019, in the official journal (The Courier) and continue to publish minutes immediately after adoption by the Board.

Management's Response - Management will publish all Board meeting minutes that occurred during the year ended June 30, 2019, and continue to publish minutes immediately after adoption by the Board. Resolved.

Compliance and Other Matters

See 2018-001 above.

Section II Internal Control and Compliance Material to Federal Awards

There were no Federal award findings or questioned costs reported during the audit for the year ended June 30, 2018.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended June 30, 2018.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Terrebonne Levee and Conservation District
Houma, Louisiana

For the year ended June 30, 2019

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

Internal Control Over Financial Reporting

2019-001 Reporting Cash and Cash Equivalents

Recommendation - Monthly account reconciliations and adjusting journal entries must be prepared for the Regions Bank accounts just as reconciliations and adjusting journal entries are prepared for the operating bank accounts.

Management's Response - Management will review monthly statements received by Regions Bank and record the necessary reconciling transactions in the same manner as the operating bank accounts.

Compliance and Other Matters

No compliance findings material to the financial statements were noted during the audit for the year ended June 30, 2019.

Section II - Internal Control and Compliance Material to Federal Awards

There were no federal award findings or questioned costs reported during the audit for the year ended June 30, 2019.

Section III - Management Letter

A management letter was not issued in connection with the audit for the year ended June 30, 2019.

STATEWIDE AGREED-UPON PROCEDURES

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners,
Terrebonne Levee and Conservation District,
Houma, Louisiana.

We have performed the procedures described in Schedule 4, which were agreed to by the Terrebonne Levee and Conservation District (the "District") and the Louisiana Legislative Auditor (LLA), solely to assist the specified users of the report in evaluating management's assertions about the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) accompanying the annual financial statements of the District for the year ended June 30, 2019 and to determine whether the C/C areas identified in the LLA's SAUPs are free of obvious errors and omissions. Management of the District is responsible for its C/C areas identified in the SAUPs. The sufficiency of these procedures is solely the responsibility of the specified parties in the report. Consequently, we make no representation regarding the sufficiency of the procedures described in Schedule 4, either for the purpose for which this report has been requested, or for any other purpose.

The procedures that were performed and our findings are described in Schedule 4.

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, issued by the Comptroller General of the United States of America. We are not engaged to, and did not perform an examination, or review, the objective of which would be the expression of an opinion or conclusion, respectively, on management's assertions. 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.

This report is intended solely for the information and use of the District, the Louisiana Legislature, and the Louisiana Legislative Auditor, and it not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statue 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Bourgeois Bennett, L.L.C.

Certified Public Accountants

Houma, Louisiana,
December 18, 2019.

P.O. BOX 2168 • HOUMA, LA 70361-2168 • 985.868.0139
P.O. Box 60600 • NEW ORLEANS, LA 70160-0600 • 504.831.4949 • BOURGEOISBENNETT.COM

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

Terrebonne Levee and Conservation District
Houma, Louisiana

For the year ended June 30, 2019

The required procedures and our findings are as follows:

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

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

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

      Performance: Obtained and read the written policy for budgeting, and found it to address all the functions listed above.
      Exceptions: There were no exceptions noted.

   b) Purchasing, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

      Performance: Obtained and read the written policy for purchasing, and found it to address all the functions listed above.
      Exceptions: There were no exceptions noted.

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

      Performance: Obtained and read the written policy for disbursements, and found it to address all the functions listed above.
      Exceptions: There were no exceptions noted.

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, and found it to address all the functions listed above, except as noted above.
Exceptions: The policy did not contain a provision including management's action to determine the completeness of each type of revenue. However, procedures are in place that require another employee to reconcile checks received with the deposit.

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 and personnel, and found it to address all the functions listed above.
Exceptions: There were no exceptions noted.

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

Performance: Obtained and read the written policy for contracting, and found it to address all functions listed above.
Exceptions: There were no exceptions noted.

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

Performance: Obtained and read the written policy for credit cards, and found it to address all functions listed above.
Exceptions: There were no exceptions noted.

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: Obtained and read the written policy for travel and expense reimbursement, and found it to address all functions listed above, except as noted above.
Exceptions: Management's policy on travel and expense reimbursements does not include dollar thresholds by certain categories of expense.

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, and found it to address all functions listed above.
Exceptions: There were no exceptions noted.

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

Performance: Obtained and read the written policy for debt, and found it to address all functions listed above.
Exceptions: There were no exceptions noted.

k) Disaster Recovery/Business Continuity, including (1) identification of critical date 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 critical event.

Performance: Inquired of management about the existence of a policy for disaster recovery/business continuity.
Exceptions: The District does not have a disaster recovery/business continuity policy.

Procedures performed on the District's board:

2. Obtain and review the board 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 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: Prior year testing resulted in no exceptions related to the board. Therefore, testing is not required in the current year.

   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: Prior year testing resulted in no exceptions related to the board. Therefore, testing is not required in the current year.

   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: Prior year testing resulted in no exceptions related to the board. Therefore, testing is not required in the current year.

Procedures performed on the District's bank reconciliations:

3. Obtain a listing of the District's bank accounts from management and management's representation that the listing is complete. Management will identify the main operating account. Select the District's main operating account and select four additional accounts (or all accounts if less than five). 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. Selected month of February from the fiscal period, and obtained the corresponding bank statement and reconciliation for the District's main operating account and four additional accounts.
   Exceptions: There were no exceptions noted.

Procedures performed on the District's bank reconciliations: (Continued)

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

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

Exceptions: There were no evidence that two of the five bank reconciliations were prepared within two months of the related statement closing date.

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 reviewed each bank reconciliation.

Exceptions: There were no evidence a member of the board or management reviewed the reconciliation for two of the five accounts.

c) If applicable, 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: Requested management provide documentation of research performed for reconciling items outstanding for more than 12 months from the statement closing date.

Exceptions: There were no exceptions noted.

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 five deposit sites (or all deposit sites if less than five).

   Performance: Prior year testing resulted in no exceptions related to collections. Therefore, testing is not required in the current year.

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 five 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: Prior year testing resulted in no exceptions related to collections. Therefore, testing is not required in the current year.

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

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

Performance: Prior year testing resulted in no exceptions related to collections. Therefore, testing is not required in the current year.

b) Each employee responsible for collecting 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: Prior year testing resulted in no exceptions related to collections. Therefore, testing is not required in the current year.

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: Prior year testing resulted in no exceptions related to collections. Therefore, testing is not required in the current year.

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: Prior year testing resulted in no exceptions related to collections. Therefore, testing is not required in the current year.

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

Performance: Prior year testing resulted in no exceptions related to collections. Therefore, testing is not required in the current year.

7. Select two deposit dates for each of the five 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: Prior year testing resulted in no exceptions related to collections. Therefore, testing is not required in the current year.

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

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

Performance: Prior year testing resulted in no exceptions related to collections. Therefore, testing is not required in the current year.

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

Performance: Prior year testing resulted in no exceptions related to collections. Therefore, testing is not required in the current year.

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: Prior year testing resulted in no exceptions related to collections. Therefore, testing is not required in the current year.

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

Performance: Prior year testing resulted in no exceptions related to collections. Therefore, testing is not required in the current year.

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 five locations (or all locations if less than five).

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.

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.

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.

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.

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

Performance: Inspected policy manuals and inquired of management and employees as to requirement listed above. While the Accountant processes payments and has access to add vendors to the disbursement system, vendors are not added unless approved by the Administrator.
Exceptions: There were no exceptions noted.

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 duties of mailing signed checks.
Exceptions: The employee responsible for mailing checks is also responsible for processing payments.

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

Performance: Obtained the District's general ledger for the fiscal period, and verified management's representation that the population of disbursement checks are complete in a separate letter.
Exceptions: There were no exceptions noted.

Procedures performed on the District's non-payroll disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases): (Continued)

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

   Performance: Observed that the checks and the related original invoices/billing statements were in agreement.
   Exceptions: There were no exceptions noted.

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: There were no exceptions noted.

Procedures performed on the District's credit cards, debit cards, fuel cards, P-cards:

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

    Performance: Obtained a listing of all active credit cards, bank debit cards, fuel cards and P-cards from management and received management's representation in a separate letter.
    Exceptions: There were no exceptions noted.

12. Using the listing prepared by management, select five 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: Obtained the November statements for the Capital One cards FuelTrac cards along with supporting documentation and observed proper approvals.
   Exception: There were no exceptions noted.

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

   Performance: Obtained the November statements for the Capital One cards and FuelTrac cards and scanned for finance charges.
   Exception: There were no exceptions noted.

Procedures performed on the District's credit cards, debit cards, fuel cards, P-cards: (Continued)

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, select 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: Traced each transaction to an itemized receipt.
            Exception: There were no exceptions noted.

        2) Written documentation of the business/public purpose.

            Performance: Observed supporting documentation for evidence of business/public purpose.
            Exception: There were no exceptions noted.

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

            Performance: For meal charges observed supporting documentation for evidence of individuals participating in meals.
            Exception: There were no exceptions noted.

Procedures performed on the District's travel and travel-related expense reimbursements:

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

    Performance: Prior year testing resulted in no exceptions related to travel and travel-related expense reimbursements. Therefore, testing is not required in the current year.

    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: Prior year testing resulted in no exceptions related to travel and travel-related expense reimbursements. Therefore, testing is not required in the current year.

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: Prior year testing resulted in no exceptions related to travel and travel-related expense reimbursements. Therefore, testing is not required in the current year.

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: Prior year testing resulted in no exceptions related to travel and travel-related expense reimbursements. Therefore, testing is not required in the current year.

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

Performance: Prior year testing resulted in no exceptions related to travel and travel-related expense reimbursements. Therefore, testing is not required in the current year.

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. Select five contracts (or all contracts if less than five) from the listing, and:

Performance: Prior year testing resulted in no exceptions related to contracts. Therefore, testing is not required in the current year.

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 contracts. Therefore, testing is not required in the current year.

b) Observe that the contract was approved by the governing body/District, if required by policy or law.

Performance: Prior year testing resulted in no exceptions related to contracts. Therefore, testing is not required in the current year.

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

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

Performance: Prior year testing resulted in no exceptions related to contracts. Therefore, testing is not required in the current year.

d) Select one payment from the fiscal period for each of the five 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 contracts. Therefore, testing is not required in the current year.

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. Select five employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Performance: Prior year testing resulted in no exceptions related to payroll and personnel. Therefore, testing is not required in the current year.

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

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

Performance: Prior year testing resulted in no exceptions related to payroll and personnel. Therefore, testing is not required in the current year.

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

Performance: Prior year testing resulted in no exceptions related to payroll and personnel. Therefore, testing is not required in the current year.

Procedures performed on the District's payroll and personnel: (Continued)

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

Performance: Prior year testing resulted in no exceptions related to payroll and personnel. Therefore, testing is not required in the current year.

18. Obtain from management a list of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Select 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.

Performance: Prior year testing resulted in no exceptions related to payroll and personnel. Therefore, testing is not required in the current year.

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: Prior year testing resulted in no exceptions related to payroll and personnel. Therefore, testing is not required in the current year.

Procedure performed on the District's ethics:

20. Using the five 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: Inquired of management if ethics course completion certificates were on hand for the five employees tested.
Exception: There were no exceptions noted.

Procedure performed on the District's ethics: (Continued)

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: Inquired of management if the five employees tested had signature verification that he or she has read the ethics policy during the fiscal period.
Exception: There was no documentation to demonstrate each employee tested attested through signature verification that he or she has read the District's ethics policy during the fiscal period.

Procedures performed on the District's debt service:

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that the State Bond District approval was obtain for each bond/note issued.

Performance: Prior year testing resulted in no exceptions related to debt service. Therefore, testing is not required in the current year.

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

Performance: Prior year testing resulted in no exceptions related to debt service. Therefore, testing is not required in the current year.

Other procedures performed on the District:

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

Performance: Inquired of management of any misappropriations of public funds or assets.
Exceptions: There were no exceptions noted.

Other procedures performed on the District: (Continued)

24. Observe and report whether the District has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.lla.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

    Performance: Inquired and observed such notice posted on the premises.
    Exceptions: There were no exceptions noted.

Management's responses to exceptions noted in our procedures

1d Management will consider adding a provision to its collection policy to include action to determine the completeness of each type of revenue.

1h Management will consider adding dollar thresholds by travel expense category.

1k Management will prepare and present to the Board of Directors a policy on disaster recovery/business continuity in fiscal year end June 30, 2020.

3a and 3b Management will see to it that reconciliation sign-off and approvals are added to the monthly closing schedule.

9d Management will consider having an employee who is not responsible for processing payments mail signed checks.

20b Management's response: Management will ensure that all employees will sign that he or she has read the ethics policy during the fiscal period and maintain documentation of verification.