

Financial Report

Terrebonne Parish Recreation District No. 9
Houma, Louisiana

December 31, 2021

Financial Report

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Houma, Louisiana

December 31, 2021

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners,
Terrebonne Parish Recreation District No. 9,
Houma, Louisiana.

Opinion

We have audited the accompanying financial statements of the governmental activities and General Fund of Terrebonne Parish Recreation District No. 9 (the "District"), a component unit of the Terrebonne Parish Consolidated Government, State of Louisiana, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 4 through 10 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an economic, or historical context. We have applied certain limited procedures to the

required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information on page 35 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 22, 2022 on our consideration of Terrebonne Parish Recreation District No. 9's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Bougeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
April 22, 2022.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Terrebonne Parish Recreation District No. 9

December 31, 2021

Management's Discussion and Analysis of the Terrebonne Parish Recreation District No. 9's financial performance presents a narrative overview and analysis of the District's financial activities for the year ended December 31, 2021. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The District's assets exceeded its liabilities at the close of fiscal year 2021 by \$4,271,727 (net position), which represents a 4.48% increase from last fiscal year.

The District's revenue increased \$309,221 (or 35.67%) primarily due to the increases in program revenues and miscellaneous revenue.

The District's expenses increased \$201,735 (or 25.50%) primarily due to the increase in culture and recreation expenses.

The District did not have a deficit fund balance.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

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

Government-wide Financial Statements

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

Fund Financial Statements

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

Governmental Funds

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)**Governmental Funds (Continued)****Notes to the Financial Statements**

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. As of December 31, 2021, assets exceeded liabilities and deferred inflows by \$4,271,727. A large portion of the District's net position (70.44%) reflects its net investment in capital assets (e.g., land; construction in progress; buildings and improvements; machinery and equipment; office furniture, fixtures and equipment). Consequently, these assets are not available for future spending.

Condensed Statements of Net Position

	<u>December 31,</u>		<u>Dollar</u>
	<u>2021</u>	<u>2020</u>	<u>Change</u>
Current and other assets	\$ 1,935,888	\$ 2,205,933	\$(270,045)
Capital assets	3,009,144	2,624,566	384,578
Total assets	<u>4,945,032</u>	<u>4,830,499</u>	<u>114,533</u>
Current liabilities	1,215	896	319
Deferred inflows of resources	672,090	741,099	(69,009)
Total liabilities and deferred inflows of resources	<u>673,305</u>	<u>741,995</u>	<u>(68,690)</u>
Net position:			
Net investment in capital assets	3,009,144	2,624,566	384,578
Unrestricted	1,262,583	1,463,938	(201,355)
Total net position	<u>\$4,271,727</u>	<u>\$4,088,504</u>	<u>\$ 183,223</u>

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

Governmental activities increased the District's net position by \$183,223. Key elements of this increase are as follows:

Condensed Statements of Activities

	For the Year Ended December 31,		Dollar	Total
	2021	2020	Change	Percent Change
Revenues:				
Program revenues:				
Charges for services	\$ 192,310	\$ 69,545	\$ 122,765	176.53%
General revenues:				
Taxes	737,221	742,336	(5,115)	-0.69%
Intergovernmental	57,190	27,026	30,164	111.61%
Miscellaneous	189,304	27,897	161,407	578.58%
Total revenues	<u>1,176,025</u>	<u>866,804</u>	<u>309,221</u>	35.67%
Expenses:				
General government	59,759	47,193	12,566	26.63%
Culture and recreation	933,043	743,874	189,169	25.43%
Total expenses	<u>992,802</u>	<u>791,067</u>	<u>201,735</u>	25.50%
Increase in net position	183,223	75,737	107,486	141.92%
Net position, beginning of year	4,088,504	4,012,767	75,737	1.89%
Net position, end of year	<u>\$ 4,271,727</u>	<u>\$ 4,088,504</u>	<u>\$ 183,223</u>	4.48%

In 2021, the District's total revenues increased by \$309,221 because of increases in program revenues due to re-opening after the Coronavirus (COVID-19) pandemic in the prior year, and the increase in miscellaneous revenues is due receipt of insurance proceeds for damages from Hurricane Ida. Also, during the year ended December 31, 2021, expenses increased by \$201,735 primarily because of increases in culture and recreation expenses, due to resuming day camp and pool activities after prior year closures caused by COVID-19.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND

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

Governmental Funds

The focus of the District's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the District's General Fund's ending fund balance was \$1,222,452, which was a decrease of \$210,698 in comparison with the prior year. The fund balance is classified as non-spendable and unassigned. Unassigned fund balance is available for spending at the District's discretion.

General Fund Budgetary Highlights

In order to maintain compliance with state budget laws, the budget was amended once during the year. The major differences between the original General Fund budget and the final amended budget were as follows:

Revenues

- Ad valorem taxes were decreased by approximately \$35,000 to reflect actual collections.
- Charges for services were decreased by approximately \$22,000 primarily to reflect decreased revenue for concessions, pool, spray park, and day camp revenues due to closures caused by COVID-19.
- Investment earnings were decreased by approximately \$10,000 to reflect decrease in interest earned on the LAMP fund.

Expenditures

- Capital Outlay was increased by \$258,000 primarily due to emergency projects after Hurricane Ida, having major drainage improvement projects performed in phases, and the purchase of Mulberry Park.
- Personal services was decreased by \$67,667 primarily to reflect actual expenditures.

During the year, revenues were greater than budgetary revenues and expenditures were less than budgetary expenditures. See Exhibit E for a comparison of budgeted and actual revenue and expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION**Capital Assets**

The District's net investment in capital assets for its governmental activities as of December 31, 2021, amounts to \$3,009,144 (net of accumulated depreciation). This net investment in capital assets includes land, construction in progress, buildings and improvements, machinery and equipment and office furniture, fixtures and equipment, as follows:

	<u>2021</u>	<u>2020</u>
Land	\$ 618,711	\$ 214,005
Buildings and improvements	3,905,340	3,691,308
Machinery and equipment	515,099	514,485
Office furniture, fixtures, and equipment	24,288	24,288
Construction in progress	<u>123,626</u>	<u>203,197</u>
Totals	<u>\$5,187,064</u>	<u>\$4,647,283</u>

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

- Purchasing Mulberry Park.
- Purchasing an outdoor basketball pavilion.
- Purchasing a new storage building.
- Write off capital assets damaged in Hurricane Ida with a net book value of \$48,851, net of accumulated depreciation of \$34,442.

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

The District has not incurred long-term debt or obligations as of December 31, 2021.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

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

- Facility rental income, concession income, and recreation activities income are anticipated to remain the same as 2021. Boat launch income is estimated to decrease significantly due to canal locks being closed by Terrebonne Parish indefinitely. Recreation activities income fees and day camp program revenues are anticipated to remain consistent with pre-COVID-19 amounts based on the District being able to hold the day camp program in 2021.

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

- Expenditures have been carefully budgeted only to include the bare necessities of operating expenditures i.e., utilities, repairs, employee wages, etc.
- A 2% pay increase plus a 3% cost of living increase for the District employees has been factored into the 2022 budget.
- Retirement/Simple IRA expense is factored on the amounts contributed by the employee with a 3% employer contribution.
- The insurance expenses have been adjusted to reflect increases in cost of providing necessary coverage as well as increased cost of health insurance coverage for employees.

Below is a highlight of larger budgeted capital projects brought on by damages sustained in Hurricane Ida:

- Grounds - \$100,000
- Building - \$320,000
- Machinery and equipment - \$125,000
- Pool - \$50,000

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Board of Directors of the Terrebonne Parish Recreation District No. 9, 107 Verret Street, Houma, Louisiana 70360.

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

Terrebonne Parish Recreation District No. 9

December 31, 2021

	General Fund	Adjustments (Exhibit B)	Statement of Net Position
Assets			
Cash and cash equivalents	\$ 1,205,154	\$ -	\$ 1,205,154
Receivables - taxes	576,014	-	576,014
Due from other governmental units	96,076	-	96,076
Prepaid insurance	-	40,131	40,131
Prepaid expense	18,513	-	18,513
Capital assets:			
Non-depreciable	-	742,337	742,337
Depreciable, net of accumulated	-	2,266,807	2,266,807
Total assets	<u>\$ 1,895,757</u>	<u>3,049,275</u>	<u>4,945,032</u>
Liabilities			
Accounts payable and accrued expenditures	\$ 1,215	-	1,215
Deferred Inflows of Resources			
Unavailable Revenue - Property Taxes	672,090	-	672,090
Total liabilities and deferred inflows of resources	<u>673,305</u>	<u>-</u>	<u>673,305</u>
Fund Balances/Net Position			
Fund balance:			
Non-spendable	18,513	(18,513)	-
Unassigned	1,203,939	(1,203,939)	-
Total fund balance	<u>1,222,452</u>	<u>(1,222,452)</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,895,757</u>		
Net position:			
Net investment in capital assets		3,009,144	3,009,144
Unrestricted		1,262,583	1,262,583
Total net position		<u>\$ 4,271,727</u>	<u>\$ 4,271,727</u>

See notes to financial statements.

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

Terrebonne Parish Recreation District No. 9

December 31, 2021

Fund Balance - Governmental Fund	\$ 1,222,452
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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	\$ 5,187,064	
Less accumulated depreciation	<u>(2,177,920)</u>	3,009,144

Other assets used in governmental activities
are not financial resources and, therefore,
are not reported in the governmental funds.

Prepaid insurance		<u>40,131</u>
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Net Position of Governmental Activities	<u><u>\$ 4,271,727</u></u>
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See notes to financial statements.

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

Terrebonne Parish Recreation District No. 9

For the year ended December 31, 2021

	General Fund	Adjustments (Exhibit D)	Statement of Activities
Revenues			
Taxes	\$ 737,221	\$ -	\$ 737,221
Intergovernmental:			
State of Louisiana:			
State revenue sharing	29,190	-	29,190
Terrebonne Parish Consolidated Government	28,000	-	28,000
Charges for services	192,310	-	192,310
Miscellaneous:			
Investment earnings	2,885	-	2,885
Impairment gains	-	176,005	176,005
Other	10,414	-	10,414
Total revenues	<u>1,000,020</u>	<u>176,005</u>	<u>1,176,025</u>
Expenditures/Expenses			
Current:			
General government:			
Ad valorem tax adjustment	34,509	-	34,509
Ad valorem tax deductions	25,250	-	25,250
Total general government	<u>59,759</u>	<u>-</u>	<u>59,759</u>
Culture and recreation:			
Personal services	430,510	-	430,510
Supplies and materials	34,007	-	34,007
Other services and charges	193,946	(9,343)	184,603
Repairs and maintenance	94,278	-	94,278
Capital outlay	623,074	(623,074)	-
Depreciation	-	189,645	189,645
Total culture and recreation	<u>1,375,815</u>	<u>(442,772)</u>	<u>933,043</u>
Total expenditures/expenses	<u>1,435,574</u>	<u>(442,772)</u>	<u>992,802</u>
Deficit of Revenues Over Expenditures Before Other Financing Sources	(435,554)	435,554	-
Other Financing Sources			
Insurance proceeds	224,856	(224,856)	-
Deficit of Revenues Over Expenditures	(210,698)	210,698	-
Change in Net Position	-	183,223	183,223
Fund Balance/Net Position			
Beginning of year	1,433,150	2,655,354	4,088,504
End of year	<u>\$ 1,222,452</u>	<u>\$ 3,049,275</u>	<u>\$ 4,271,727</u>

See notes to financial statements.

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

Terrebonne Parish Recreation District No. 9

For the year ended December 31, 2021

Net Change in Fund Balance - Governmental Fund \$ (210,698)

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	\$ 623,074	
Depreciation expense	(189,645)	
Excess of capital outlay over depreciation expense		433,429

The net effect of miscellaneous transactions involving capital assets, such as dispositions, impairments and donations, is to decrease net position.	(48,851)
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Prepaid expenses reported in governmental activities are
not financial resources and therefore are not reported
to the governmental fund.

Increase in prepaid insurance	9,343
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Change in Net Position of Governmental Activities \$ 183,223

See notes to financial statements.

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

Terrebonne Parish Recreation District No. 9

For the year ended December 31, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes	\$ 737,159	\$ 702,800	\$ 737,221	\$ 34,421
Intergovernmental:				
State of Louisiana:				
State revenue sharing	27,000	29,190	29,190	-
Terrebonne Parish Consolidated Government	28,000	28,000	28,000	-
Charges for services	212,000	189,738	192,310	2,572
Miscellaneous:				
Investment earnings	13,000	3,000	2,885	(115)
Other	9,700	11,800	10,414	(1,386)
Total revenues	<u>1,026,859</u>	<u>964,528</u>	<u>1,000,020</u>	<u>35,492</u>
Expenditures				
Current:				
General government:				
Ad valorem tax adjustment	-	-	34,509	(34,509)
Ad valorem tax deductions	-	-	25,250	(25,250)
Total general government	<u>-</u>	<u>-</u>	<u>59,759</u>	<u>(59,759)</u>
Culture and recreation:				
Personal services	510,027	442,360	430,510	11,850
Supplies and materials	22,000	36,500	34,007	2,493
Other services and charges	221,400	219,750	193,946	25,804
Repairs and maintenance	76,000	111,000	94,278	16,722
Capital outlay	660,000	918,000	623,074	294,926
Total culture and recreation	<u>1,489,427</u>	<u>1,727,610</u>	<u>1,375,815</u>	<u>351,795</u>
Total expenditures	<u>1,489,427</u>	<u>1,727,610</u>	<u>1,435,574</u>	<u>292,036</u>
Deficit of Revenues Over Expenditures Before Other Financing Sources	(462,568)	(763,082)	(435,554)	327,528
Other Financing Sources				
Insurance proceeds	-	60,000	224,856	164,856
Deficit of Revenues Over Expenditures	(462,568)	(703,082)	(210,698)	492,384
Fund Balance				
Beginning of year	<u>992,025</u>	<u>1,433,150</u>	<u>1,433,150</u>	<u>-</u>
End of year	<u>\$ 529,457</u>	<u>\$ 730,068</u>	<u>\$ 1,222,452</u>	<u>\$ 492,384</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**Terrebonne Parish Recreation District No. 9**

December 31, 2021

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Terrebonne Parish Recreation District No. 9 (the "District") conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of significant accounting policies:

a. Reporting Entity

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

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

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Reporting Entity (Continued)

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

b. Basis of Presentation

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

Government-wide Financial Statements:

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

Fund Financial Statements:

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

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Measurement Focus and Basis of Accounting (Continued)

Government-wide Financial Statements:

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

Fund Financial Statements:

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

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

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Use of Estimates

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

e. Operating Budgetary Data

As required by the Louisiana Revised Statutes 39:1303, the Board of Commissioners (the "Board") adopted a budget for the District's General Fund. The budgetary practices include public notice of the proposed budget, public inspection of the proposed budget, and a public hearing on the budget prior to adoption. Any amendment involving the transfer of monies from one function to another or increases in expenditures must be approved by the Board. In order to remain in compliance with State budgeting laws, the District amended its budget twice during the year. All budgeted amounts that are not expended, or obligated through contracts, lapse at year-end.

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

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

f. Accounts Receivable

The financial statements for the District do not contain an allowance for uncollectible accounts. Uncollectible amounts due for ad valorem taxes and other receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or operations of the funds.

g. Prepaid Insurance

The District has recorded prepaid insurance in its government-wide financial statements. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Capital Assets

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

Government-wide Financial Statements:

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets purchased or acquired with an original cost of \$400 or more and a useful life greater than one year are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

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

Buildings and improvements	15 - 40 years
Machinery and equipment	5 - 20 years
Office furniture, fixtures, and equipment	5 - 12 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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Vacation and Sick Leave

The District has five full-time employees. Full-time employees are eligible to receive five days of vacation after one year of service, and can earn up to a maximum of 15 vacation days depending on their length of employment. Every full-time employee is also eligible for five sick days beginning on their employment date. Vacation and sick days are not due to employees upon termination or death, and earned but unused days do not carry over from one year to the next. Vacation and sick leave days are based on a policy of use or lose by December 31st each year. Accordingly, management has determined accumulated unpaid vacation as of December 31, 2021 is not material to the financial statements.

j. Deferred Inflows of Resources

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources until that time. The governmental fund reports unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District reports unavailable revenue when resources associated with imposed non-exchange revenue transactions are received or reported as a receivable before (a) the period for which property taxes are levied or (b) the period when resources are required to be used or when use is first permitted for all other imposed non-exchange revenues in which the enabling legislation includes time requirements.

k. Fund Equity

Government-wide Statements:

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

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets, if any. As of December 31, 2021, the District had no outstanding borrowings.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Fund Equity (Continued)

Government-wide Statements: (Continued)

- b. Restricted - Consists of assets and deferred outflow of resources less liabilities and deferred inflow of resources (net position) with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted - All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. As of December 31, 2021 and for the year then ended, the District did not have or receive restricted resources.

Fund Financial Statements:

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

- a. Non-spendable - amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to maintain intact.
- b. Restricted - amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- c. Committed - amounts that can be used only for specific purposes determined by a formal action of the District's Board of Commissioners. Commitment may be established, modified, or rescinded only through resolutions approved by the District's Board of Commissioners.
- d. Assigned - amounts that do not meet the criteria to be classified as either restricted or committed but are intended to be used for specific purposes. Amounts may be assigned by a majority vote of the Board.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Fund Equity (Continued)

Fund Financial Statements: (Continued)

- 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 non-spendable and unassigned as of December 31, 2021.

l. New GASB Statements

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

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

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. New GASB Statements (Continued)

Statement No. 98, "*The Annual Comprehensive Financial Report*" establishes the term *annual comprehensive financial report* and its acronym *ACFR*. That new term and acronym replace instances of *comprehensive annual financial report* and its acronym in generally accepted accounting principles for state and local governments. This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym sounds like a profoundly objectionable racial slur. The requirements of this Statement are effective for fiscal years ending after December 15, 2021. 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. 87, "*Leases*" increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. Earlier application is encouraged. Management has not yet determined the effect of this Statement on the financial statements.

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. New GASB Statements (Continued)

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

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

Statement No. 94, "*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*" improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. New GASB Statements (Continued)

service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for the years beginning after June 15, 2022. Management has yet to determine the effect of this Statement on the financial statements.

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

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

Note 2 - DEPOSITS AND INVESTMENTS

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

Bank Deposits:

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

The year-end balances of deposits are as follows:

	<u>Bank Balances</u>	<u>Reported Amounts</u>
Cash	<u>\$217,358</u>	<u>\$194,740</u>

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has a written policy for custodial credit risk that is similar to state law. As of December 31, 2021, the District's bank balance of \$217,358 was covered by federal deposit insurance and not exposed to credit risk.

Investments:

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

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

Note 2 - DEPOSITS AND INVESTMENTS (Continued)

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

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

LAMP, a local government investment pool, is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2a7, which governs registered money market funds. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed or backed by the U.S. Treasury, the U.S. Government or one of its agencies, enterprises or instrumentalities, as well as repurchase agreements collateralized by those securities.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. The fair value of investments is determined on a weekly basis to monitor any variances between amortized cost and fair value. For purposes of determining participants' shares, investments are valued at amortized cost. The fair value of participants' position is the same as the value of the pool shares. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. Investments in LAMP as of December 31, 2021, amounted to \$1,010,414 and are considered cash equivalents for reporting purposes.

Note 2 - DEPOSITS AND INVESTMENTS (Continued)

A reconciliation of deposits and investments to the financial statements as of December 31, 2021 is as follows:

Deposits	\$ 194,740
Investment in LAMP	<u>1,010,414</u>
Total cash and cash equivalents	<u>\$ 1,205,154</u>

Note 3 - PROPERTY TAXES

Property taxes are levied each November 1 on the assessed value listed as of the prior January 1 for all real property, merchandise and movable property located in the Parish. Assessed values are established by the Terrebonne Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A statewide reevaluation of all property is required to be completed no less than every four years. The last statewide reevaluation was completed for the list of January 1, 2020. A special reassessment was completed for the list of January 1, 2019. Taxes are due and payable December 31 with interest being charged on payments after January 1. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which the taxes have not been paid are sold for the amount of the taxes. The tax rate for the year ended December 31, 2021 was \$14.77 per \$1,000 of assessed valuation on property within Recreation District No. 9 for the purpose of maintaining and operating recreational facilities within the District. As indicated in Note 1c, taxes levied November 1, 2021 are for budgeted expenditures in 2022 and will be recognized as revenues in 2022.

Note 4 - DUE FROM OTHER GOVERNMENTAL UNITS

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

State of Louisiana	
State revenue sharing	\$ 18,566
Terrebonne Parish Tax Collector - December 2021 collections remitted to the District in January 2021:	
Ad valorem taxes	68,227
State revenue sharing	<u>9,283</u>
Total	<u>\$96,076</u>

Note 5 - CHANGES IN CAPITAL ASSETS

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

	Balance January 1, 2021	Additions	Deletions	Balance December 31, 2021
Capital assets not being depreciated:				
Land	\$ 214,005	\$ 404,706	\$ -	\$ 618,711
Construction in progress	203,197	175,422	(254,993)	123,626
 Total capital assets not being depreciated	 417,202	 580,128	 (254,993)	 742,337
Capital assets being depreciated:				
Buildings and improvements	3,691,308	279,907	(65,875)	3,905,340
Machinery and equipment	514,485	18,032	(17,418)	515,099
Office furniture, fixtures, and equipment	24,288	-	-	24,288
 Total capital assets being depreciated	 4,230,081	 297,939	 (83,293)	 4,444,727
Less accumulated depreciation for:				
Buildings and improvements	(1,674,357)	(162,027)	23,593	(1,812,791)
Machinery and equipment	(334,142)	(26,445)	10,849	(349,738)
Office furniture, fixtures and equipment	(14,218)	(1,173)	-	(15,391)
 Total accumulated depreciation	 (2,022,717)	 (189,645)	 34,442	 (2,177,920)
 Total capital assets being depreciated, net	 2,207,364	 108,294	 (48,851)	 2,266,807
 Total capital assets, net	 <u>\$ 2,624,566</u>	 <u>\$ 688,422</u>	 <u>\$(303,844)</u>	 <u>\$ 3,009,144</u>

In 2021, the District completed construction projects for drainage improvements. The District also purchased Mulberry Park, a LED sign, a new air conditioner for the gym, and a John Deere mower during the year.

Depreciation amounting to \$189,645 was recorded as cultural and recreation expenses for the year ended December 31, 2021.

Note 5 - CHANGES IN CAPITAL ASSETS (Continued)

Impairments and Insurance Proceeds

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

Impaired capital assets that will no longer be used by the District will be reported at the lower of carrying value or fair value. The District has incurred significant roof and soffit damage to most buildings and loss of service utility on a storage building and improvements. Accordingly, the District's buildings have not been impaired, except for the storage unit. Improvements, machinery and equipment have been impaired. The District received insurance recoveries for its impaired and unimpaired buildings.

For the year ended December 31, 2021, the District recognized realized insurance recoveries which are reported net of impairments. The following table identifies insurance proceeds related to damaged capital assets and other activities as well as resulting impairment gains (losses), which are reported in the Culture and Recreation function.

Culture and Recreation	Insurance Proceeds	Costs of Assets	Accumulated Depreciation Assets	Book Value Assets	Impairment Gains (Losses)
Buildings and contents	\$ 216,051	\$ 21,555	\$ (770)	\$ 20,785	\$ 195,266
Improvements	-	44,320	(22,823)	21,497	(21,497)
Machinery and equipment	-	17,418	(10,849)	6,569	(6,569)
Debris removal	8,805	-	-	-	8,805
Totals	<u>\$ 224,856</u>	<u>\$ 83,293</u>	<u>\$ (34,442)</u>	<u>\$ 48,851</u>	<u>\$ 176,005</u>

Note 5 - CHANGES IN CAPITAL ASSETS (Continued)

Construction Commitments

The District has two active construction projects as of December 31, 2021 and commitments with engineers and contractors are as follows:

Project	Incurred to Date	Remaining Commitment
Storage Building	<u>\$ 5,400</u>	<u>\$84,110</u>
Basketball Court Pavilion	<u>\$107,127</u>	<u>\$41,423</u>

Note 6 - ACCOUNTS PAYABLE AND ACCRUED EXPENDITURES

Accounts payable and accrued expenditures as of December 31, 2021 consisted of the following:

Payroll related retirement	<u>\$1,215</u>
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Note 7 - 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 and also participates in the Parish's risk management program for general liability and workers' compensation. No settlements were made during the year that exceeded the District's insurance coverage. The District's premiums for general liability are based on various factors such as operations and maintenance budget, exposure and claims experience. The premiums for workers' compensation are based on a fixed percentage of payroll. The Parish handles all claims in excess of the Parish's insurance contracts as described below:

Policy	Coverage Limits
General liability	\$10,000,000
Workers' compensation	Statutory

Note 7 - RISK MANAGEMENT (Continued)

Coverage for general liability claims in excess of the above stated limits are to be funded first by assets of the Parish's risk management internal service fund, \$2,038,046 as of December 31, 2020, then secondly by the District. Workers' compensation claims in excess of \$600,000 are covered under an insurance contract for claims aggregate up to limits are to be funded first by assets of the Parish's workers' compensation internal service fund. As of December 31, 2021, the District had no claims in excess of the above coverage limits.

Expenditures for premiums paid to the Parish for insurance coverages during the year ended December 31, 2021 totaled \$23,351.

Note 8 - EMPLOYEE RETIREMENT PLAN

In March 2018, the District began contributing to a Savings Incentive Match Plan for Employees Individual Retirement Account, SIMPLE IRA ("Plan"), a defined contribution pension plan, for its full time employees. The Plan is administrated by the District.

Benefit terms, including contribution requirements are established and may be amended by the District Board. For each employee, the District contributes 3% of annual salary to the employee's individual retirement account (IRA). The IRAs are the property of the participating employee. The employees are permitted to make contributions, up to applicable Internal Revenue Code limits. For the year ended December 31, 2021, employee contributions totaled \$9,860 and the District recognized \$6,177 pension expense.

Note 9 - COMPENSATION OF BOARD MEMBERS

The following amounts were paid to board members for the year ended December 31, 2021:

<u>Board Members</u>	<u>Number of Meetings Attended</u>	<u>Per Diem</u>
Janelle Bonvillain	12	\$ 300
Robert Lejaunie	11	275
Baylis "Buster" Bergeron	9	225
Trey Lottinger	7	175
Willie St. Pierre	10	<u>250</u>
Total		<u><u>\$1,225</u></u>

Note 10 - 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 April 22, 2022, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

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

Terrebonne Parish Recreation District No. 9

December 31, 2021

Agency Head Name: John Haston, Sr., Director

Purpose

Salary	\$ 56,532
Benefits - insurance	21,054
Benefits - retirement	1,696
Benefits - other	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-
	<hr/>
	<u>\$ 79,282</u>

Note:

John Haston, Sr. is the Director for the District and functions as Chief Executive Officer.

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Commissioners,
Terrebonne Parish Recreation District No. 9,
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 the General Fund of Terrebonne Parish Recreation District No. 9 (the "District") as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise District's financial statements and have issued our report thereon dated April 22, 2022.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in cursive script that reads "Bourgeois Bennett, L.L.C.".

Certified Public Accountants.

Houma, Louisiana,
April 22, 2022.

SCHEDULE OF FINDINGS AND RESPONSES

Terrebonne Parish Recreation District No. 9

For the year ended December 31, 2021

Section I - Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? Yes No

b) Federal Awards

Terrebonne Parish Recreation District No. 9 did not expend federal awards in excess of \$750,000 during the year ended December 31, 2021 and therefore is exempt from the audit requirements under the *Uniform Guidance*.

Section II - Financial Statement Findings

No financial statement findings were reported during the audit for the year ended December 31, 2021.

Section III - Federal Award Findings and Questioned Costs

Not applicable.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

Terrebonne Parish Recreation District No. 9

For the year ended December 31, 2021

Section I - Internal Control and Compliance Material to the Financial Statements

Internal Control

No material weaknesses were reported during the audit for the year ended December 31, 2020.

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

Compliance

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

Section II - Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Recreation District No. 9 did not expend federal awards in excess of \$750,000 during the year ended December 31, 2020 and therefore is exempt from the audit requirements under the *Uniform Guidance*.

Section III - Management Letter

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

MANAGEMENT'S CORRECTIVE ACTION PLAN

Terrebonne Parish Recreation District No. 9

For the year ended December 31, 2021

Section I - Internal Control and Compliance Material to the Financial Statements

Internal Control

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

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

Compliance

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

Section II - Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Recreation District No. 9 did not expend federal awards in excess of \$750,000 during the year ended December 31, 2021 and therefore is exempt from the audit requirements under the *Uniform Guidance*.

Section III - Management Letter

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

INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners,
Terrebonne Parish Recreation District No. 9,
Houma, Louisiana.

We have performed the procedures described in Schedule 1 on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2021 through December 31, 2021. Terrebonne Parish Recreation District No. 9 (the "District") management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are described in Schedule 1.

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

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

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

Bourgeois Bennett, L.L.C.

Certified Public Accountants

Houma, Louisiana,
April 22, 2022.

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

Terrebonne Parish Recreation District No. 9

For the year ended December 31, 2021

The required procedures and our findings are as follows:

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

1. Obtain and inspect the District's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the District's operations:
 - a) Budgeting, including preparing, adopting, monitoring, and amending the budget.
Performance: Obtained and read the written policy for budgeting, and found it to address all the functions listed above.
Exceptions: There were no exceptions noted.
 - b) Purchasing, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
Performance: Obtained and read the written policy for purchasing, and found it to address all the functions listed above.
Exceptions: There were no exceptions noted.
 - c) Disbursements, including processing, reviewing, and approving.
Performance: Obtained and read the written policy for disbursements, and found it to address all the functions listed above.
Exceptions: There were no exceptions noted.
 - d) Receipts/Collections, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
Performance: Obtained and read the written policy for receipts, 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)

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

- f) Contracting, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
Performance: Obtained and read the purchasing handbook for contracting, and found it to address all the 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 the functions listed above.
Exceptions: There were no exceptions noted.

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

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

- j) Debt Service, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
Performance: Inquired of management regarding the District's debt service policy.
Exceptions: There were exceptions noted due to the District not having the policy.

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

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

Performance: Inquired of management regarding the District's information technology disaster recovery/business continuity policy.

Exceptions: There were no exceptions noted.

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

Performance: Inquired of management regarding the District's sexual harassment policy.

Exceptions: There were exceptions noted due to the District not having the policy.

Procedures Performed on the District's Board:

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

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

Performance: Obtained and read the written minutes of the Board meetings. The Board is met with a quorum on a monthly basis.

Exceptions: There were no exceptions noted.

- b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the District's collections during the fiscal period.*

Performance: Inspected meeting minutes and the included budget-to-actual comparisons for the General Fund presented to the District's board.

Exceptions: There were no exceptions noted.

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

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

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

Exceptions: There were no exceptions noted.

Procedures Performed on the District's Bank Reconciliations:

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

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

Exceptions: There were no exceptions noted.

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

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

Exceptions: There were no exceptions noted.

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

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

Exceptions: There were no exceptions noted.

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

Performance: Inspected documents for items outstanding for more than 12 months. We noted no checks outstanding for longer than 12 months as of the end of the fiscal period.

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: Obtained the listing of deposit sites from management, and received management's representation in a separate letter.
Exceptions: There were no exceptions noted.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 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: Obtained the listing of collection locations from management, and received management's representation in a separate letter.
Exceptions: There were no exceptions noted.
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.
Performance: Inspected policy manuals, inquired of client as to all of the requirements.
Exceptions: There were no exceptions noted.

 - b) Each employee responsible for collection cash is not responsible for preparing/making bank deposits, unless other employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
Performance: Inspected policy manuals, inquired of client as to all of the requirements.
Exceptions: There were no exceptions noted.

 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
Performance: Inspected policy manuals, inquired of client as to all of the requirements.
Exceptions: There were no exceptions noted.

 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
Performance: Inspected policy manuals, inquired of client as to all of the requirements.
Exceptions: There were no exceptions noted.

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

6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.
Performance: Obtained a listing of all employees who have access to cash and inquired of management if these employees are covered by a bond or insurance policy for theft.
Exceptions: There were no exceptions noted.
7. Select two deposit dates for each of the District's five bank accounts selected for procedures #3 under "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 selected and:
 - a) Observe that receipts are sequentially pre-numbered.
Performance: Obtained supporting documentation for the selected deposits and observed that receipts were sequentially pre-numbered.
Exceptions: There were no exceptions noted.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
Performance: Traced supporting documentation to the deposit slip.
Exceptions: There were no exceptions noted.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
Performance: Traced deposit slip total to actual deposit per bank statement.
Exceptions: There were no exceptions noted.
 - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than ten miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
Performance: Observed that the deposits tested were made within one business day of receipt.
Exceptions: There were no exceptions noted.
 - e) Trace the actual deposit per the bank statement to the general ledger.
Performance: Traced the actual deposit per the bank statement to the general ledger.
Exceptions: There was no exception noted.

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

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

Performance: Obtained a listing of locations that process payments for the fiscal period from management.

Exceptions: There were no exceptions noted.

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

Performance: Obtained a listing of employees involved in non-payroll purchasing and payment functions and reviewed written policies and procedures related to employee job duties. Observed if the job duties were properly segregated.

Exceptions: There were no exceptions noted.

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

Performance: Obtained a listing of employees/contractors involved in initiating a purchase request, approving a purchasing, and placing an order/making a purchase. Observed at least two employees/contractors are involved.

Exceptions: There were no exceptions noted.

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

Performance: Obtained a listing of employees/contractors involved in processing and approving payments to vendors. Observed at least two employees/contractors are involved.

Exceptions: There were no exceptions noted.

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

Performance: Obtained a listing of employees/contractors involved in processing payments to vendors. Observed if any employees involved are adding/modifying vendor files.

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)

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

Performance: Obtained a listing of employees/contractors involved with signing and mailing checks.

Exceptions: There were no exceptions noted.

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

Performance: Obtained the District's non-payroll disbursement transaction population and management's representation that the population is complete.

Exceptions: There were no exceptions noted.

- a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the District.

Performance: Observed the five disbursements matched the related original invoice/billing statements.

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: Observed the five disbursements included evidence of segregation of duties.

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: Observed all active cards for the fiscal period, including the card numbers and the names of the persons who maintain possession of the cards. Noted that Walmart switched to Capital One half way through the year.

Exceptions: There were no exceptions noted.

- 12. Using the listing prepared by management, select five cards (or all cards if less than five) 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:

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

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

Performance: Observed evidence that the statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

Exceptions: An exception was noted due to the card holder approving their own transaction.

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

Performance: Observed finance charges and/or late fees assessed on the selected statements.

Exceptions: An exception was noted on the Lowe's credit card statement.

- 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: Observed if the transactions from the monthly statements were supported by original itemized receipts that identifies precisely what was purchased.

Exceptions: There were no exceptions noted.

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

Performance: Observed the transactions from the monthly statements were supported with written documentation of the business/public purpose.

Exceptions: There were no exceptions noted.

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

Performance: Inspected the transactions from the monthly statements did not have any individuals participating in meals.

Exceptions: There were no exceptions noted.

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

14. Obtain from management a listing of all travel and related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Select 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: Obtained general ledger for travel and related expense reimbursements. No travel related expense reimbursements were noted.

Exceptions: There were no exceptions noted.

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

Performance: No travel related expense reimbursements were noted.

Exceptions: There were no exceptions noted.

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

Performance: No travel related expense reimbursements were noted.

Exceptions: There were no exceptions noted.

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

Performance: No travel related expense reimbursements were noted.

Exceptions: There were no exceptions noted.

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

Performance: No travel related expense reimbursements were noted.

Exceptions: There were no exceptions noted.

Procedures Performed on the District's Contracts:

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

Performance: Obtained 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.

Exceptions: There were no exceptions noted.

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

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
Performance: Observed that the contracts selected did not require the bids to be in accordance.
Exceptions: There were no exceptions noted.

- b) Observe that the contract was approved by the governing body/District Council, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
Performance: Inspected board meeting minutes and confirmed the board approved the contracts requiring board approval.
Exceptions: There were no exceptions noted.

- c) If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment.
Performance: Observed the contracts selected were not amended.
Exceptions: There were no exceptions noted.

- 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: Inspected payments for each of the five contracts, obtained supporting invoices, agreed invoiced to the contract terms, and observed invoices related to the payment agreed to terms and conditions of the contract.
Exceptions: There were no exceptions noted.

Procedures Performed on the District's Payroll and Personnel:

- 16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Select five employees/officials, paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
Performance: Obtained the listing of employees with their related salaries from management.
Exceptions: There were no exceptions noted.

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

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: Selected one pay period to test leave taken during that period. Inspected all daily attendance and leave record for proper documentation.
Exceptions: There were no exceptions noted.
 - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
Performance: Inspected the approval of attendance and leave by the supervisors for the selected employee/officials.
Exceptions: There were no exceptions noted.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the District's cumulative leave records.
Performance: Inspected any leave accrued or taken during the pay period was reflected in the cumulative leave records.
Exceptions: There were no exceptions noted.
18. Obtain from management a list of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials', obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employees'/officials' cumulative leave records, and agree the pay rates to the employees'/officials' authorized pay rates in the employees'/officials' personnel files and agree the termination payments to the entity policy.
Performance: Inquired of management of those employees/officials that terminated during the fiscal period and management's representation that the list is complete.
Exceptions: There were no exceptions noted.
19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.
Performance: Inspected payroll reporting forms to confirm that all payments were submitted to the applicable agencies by the required deadlines.
Exceptions: There were no exceptions noted.

Procedure Performed on the District's Ethics:

20. Using the five selected employees/officials from procedure #16 under "Procedures performed on the District's payroll and personnel", obtain ethics compliance documentation from management and:
- a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
Performance: Inspected personnel files and ethics course completion certificates for the five employees tested.
Exceptions: There were exceptions noted. One of the five employees had documentation of completion.

 - b) Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
Performance: Examine personnel file for signature verification of reading of the ethics policy the entity.
Exceptions: There were exceptions noted. One of the five employees had documentation of completion.

Procedures Performed on the District's Debt Service:

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

Procedures Performed on the District's Fraud Notice:

23. Obtain a listing of misappropriations of public funds and 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 entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

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

Exceptions: There were no exceptions noted.

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

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

Exceptions: There were no exceptions noted.

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

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

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

Performance: Obtained and inspected the entity's most recent documentation on the backups of its critical data. Observed that the backups have occurred during the week and if the backups are encrypted before being transported.

Exceptions: The backups that are stored on a physical medium by both Terri St. Peter and her assistant are not encrypted before being transported.

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

Performance: Obtained and inspected the entity's most recent documentation that its backups can be restored. Observed evidence that the test/verification was successfully performed within the past three months.

Exceptions: There were no exceptions noted.

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

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

Performance: Observed the computers currently in use and their related locations.

Inspected the current and active antivirus software and if the operating/accounting systems are supported by the vendor.

Exceptions: There were no exceptions noted.

Procedures Performed on the District's Sexual Harassment:

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

Performance: Inquired of sexual harassment training documentation from management.

Exceptions: There were exceptions noted. There was no documentation of each employee/official completing at least one hour of sexual harassment training during the calendar year.

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

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

Exceptions: There were exceptions noted. Management was not aware of this requirement.

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

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

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

Exceptions: There were exceptions noted. There were no reports filed during the fiscal period.

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

- b) Number of sexual harassment complaints received by the agency;
Performance: Inquired of management regarding the entity's annual sexual harassment report for the fiscal period.
Exceptions: There were no sexual harassment complaints noted, however, there were no reports filed during the fiscal period.

- c) Number of complaints which resulted in a finding that sexual harassment occurred;
Performance: Inquired of management regarding the entity's annual sexual harassment report for the fiscal period.
Exceptions: There were no sexual harassment complaints noted, however, there were no reports filed during the fiscal period.

- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action
Performance: Inquired of management regarding the entity's annual sexual harassment report for the fiscal period.
Exceptions: There were no sexual harassment complaints noted, however, there were no reports filed during the fiscal period.

- e) Amount of time it took to resolve each complaint.
Performance: Inquired of management regarding the entity's annual sexual harassment report for the fiscal period.
Exceptions: There were exceptions noted. There were no reports filed during the fiscal period.

Management's Overall Response to Exceptions:

1. As a response to exception reported at 1j), management will consider drafting a debt service policy.
2. As a response to exception reported at 1l), management will be adding a sexual harassment policy.
3. As a response to exception reported at 12a), management will consider improving the segregation of duties.
4. As a response to exception reported at 12b), management will pay credit card vendors by the due date.
5. As a response to exception reported at 20a), management will ensure all employees will complete one hour of ethics training.
6. As a response to exception reported at 20b), management will consider notifying each employee and official when there are any changes to the ethics policy during the fiscal period.
7. As a response to exception reported at 25), management will consider encrypting the backups before transporting to another location.
8. As a response to exception reported at 26), management will ensure that employees/officials will complete one hour of sexual harassment training.
9. As a response to exception reported at 27), management was not aware of this requirement but will be adding the sexual harassment policy on the website and on the premises.
10. As a response to exception reported at 28), Next year management will prepare and submit the annual sexual harassment report containing the applicable requirements of R.S. 42:344 on or before the February 1 deadline.