

**RECREATION DISTRICT NO. 3**  
**OF LIVINGSTON PARISH**

**REPORT ON AUDIT OF**  
**COMPONENT UNIT FINANCIAL STATEMENTS**

**DECEMBER 31, 2017**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners  
Recreation District No. 3 of Livingston Parish  
Denham Springs, Louisiana

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the budgetary comparison statement of the General Fund of the Recreation District No. 3 of Livingston Parish, “the District”, a component unit of the Livingston Parish Council, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

### ***Management’s Responsibility for the Financial Statements***

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

### ***Auditor’s Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of

the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Recreation District No. 3 of Livingston Parish as of December 31, 2017, and the budgetary comparison statement of the General Fund and the changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

### ***Report on Summarized Comparative Information***

We have previously audited the District's December 31, 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 12, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

### ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information, schedule of proportionate share of the net pension liability, and the schedule of contributions on pages 4 through 11 and 48 through 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 2018, on our consideration of the Districts's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Respectfully submitted,

*Hannis L. Bougeois, CPA*

Denham Springs, Louisiana  
June 11, 2018

Recreation District No. 3  
of Livingston Parish  
Denham Springs, LA 70726  
Management's Discussion and Analysis  
December 31, 2017

The following discussion and analysis is prepared for the Recreation District No. 3 of Livingston Parish (PARDS). The discussion and analysis is an overview of the financial activities for the fiscal year ended December 31, 2017.

The purpose of the discussion and analysis is to provide the citizens of the recreation district a broad overview of the PARDS finances. The information provided should be read in conjunction with the detailed financial statements.

The Management's Discussion and Analysis (MD&A) is required by the Government Accounting Standards Board (GASB).

**FINANCIAL HIGHLIGHTS**

PARDS' Net Position on December 31, 2017 was \$5,998,215.

- \* The Net Position of the Governmental Activities for PARDS showed an increase of \$58,034.
- \* The total general fund balance at year-end was \$3,446,827. In 2016 the total general fund balance was \$3,203,036. This reflects an actual increase to the fund of \$243,791 or a 7.62% increase in the general fund.
- \* At the end of 2017 the Unassigned General Fund Balance of \$3,445,499 represents 88.7% of the total General Fund Expenditures of \$3,884,116.
- \* The 2017 Operation and Maintenance ad valorem tax revenue totaled \$2,451,410 in the general fund and represents an increase of \$202,918 or a 9.02% increase over the prior year for operations and maintenance.
- \* The debt service fund ad valorem tax revenues equaled \$18,965 for the 2017 year which was a decrease from 2016 totals (due to the millage reduction regarding debt service).

## Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the basic financial statements of PARDS. PARDS' basic financial statements are comprised of three components: 1) the government-wide financial statements, 2) the fund financial statements, and 3) the notes to the financial statements.

**Government-wide financial statements** are prepared in accordance with requirements of GASB Statement 34. It provides readers a concise "entity-wide" Statement of Net Position and Statement of Activities, seeking to give the user of the financial statements a broad overview of the PARDS' financial position and results of operations in a manner similar to a private-sector business.

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

The *statement of activities* presents information showing how PARDS' net position changed during the most recent 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 (e.g., uncollected taxes and accrued but unpaid interest).

The government - wide financial statements can be found on pages 12 - 13 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. PARDS, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with financial-related legal requirements. All of the funds of PARDS are governmental type funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

PARDS 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 basic governmental fund financial statements can be found on pages 14 - 22 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23 - 47 of this report.

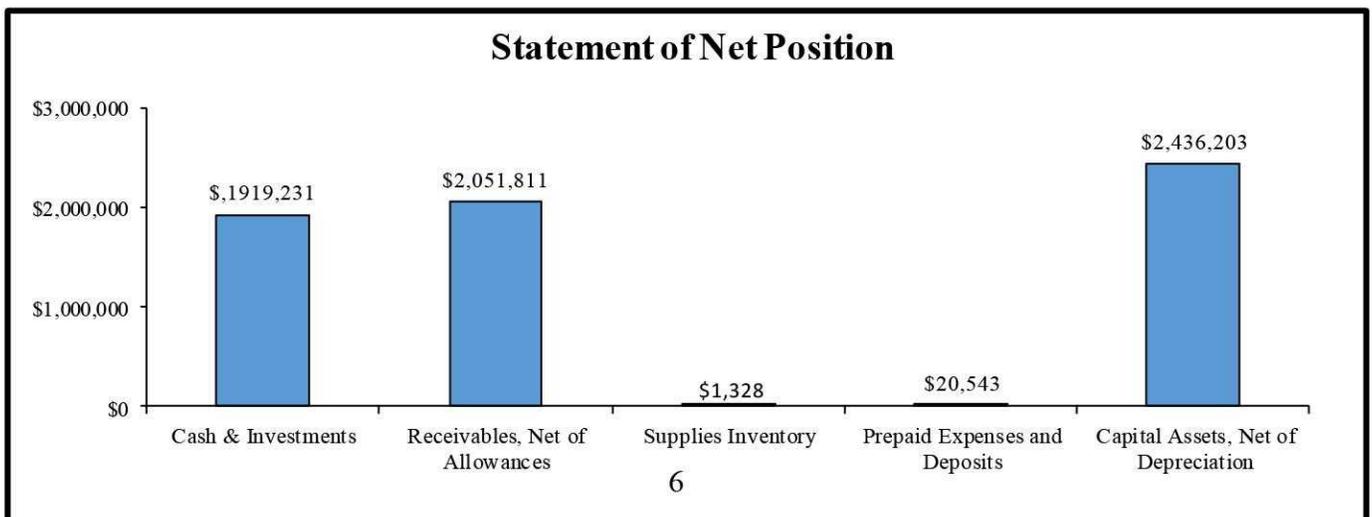
**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

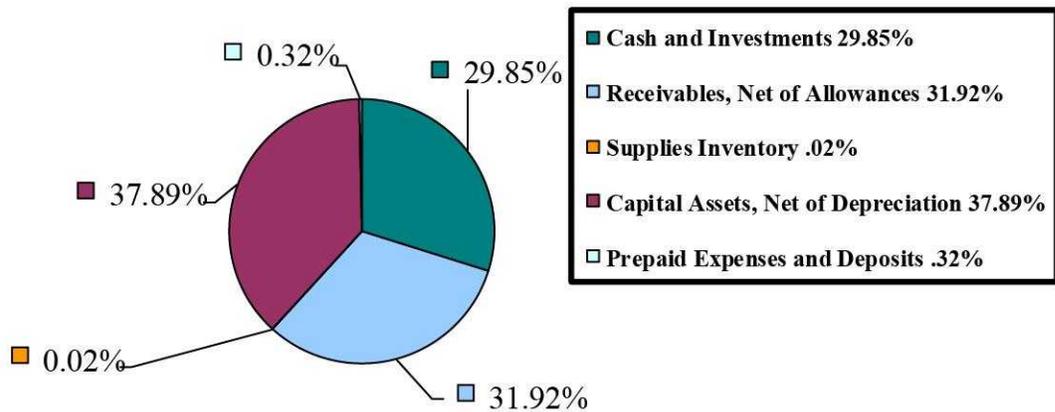
**STATEMENT OF NET POSITION**

The following is a schedule of PARDS’ net position. Net position is calculated by taking the difference between the total assets and total liabilities. PARDS’ assets exceeded its liabilities at the close of 2017, by a total of \$5,998,215.

	<u>2017</u>	<u>2016</u>
Cash and Investments	\$1,919,231	\$1,561,724
Receivables, Net of Allowances	2,051,811	2,264,715
Athletic Equipment Inventory	1,328	1,758
Prepaid Expenses and Deposits	20,543	19,063
Capital Assets, Net of Depreciation	<u>2,436,203</u>	<u>2,565,773</u>
Total Assets	6,429,116	6,413,033
Deferred Outflows-Pension related	414,748	559,809
Current Liabilities	230,978	226,817
Net Pension Liability	308,384	390,534
Bonds Payable	<u>250,000</u>	<u>350,000</u>
Total Liabilities	789,362	967,351
Deferred Inflows-Pension related	56,287	65,310
Net Position:		
Net Investment in Capital Assets	2,186,203	2,215,773
Restricted	298,936	404,456
Unrestricted	<u>3,513,076</u>	<u>3,319,952</u>
Total Net Position	<u>\$5,998,215</u>	<u>\$5,940,181</u>

The largest portion of the PARDS’ net position is reflected on the following graphs.





**STATEMENT OF ACTIVITIES**

PARDS provides recreational facilities, activities and programs for the area citizens. Included in this are both revenue and non-revenue producing activities. PARDS operates three parks within the system. Facilities include baseball/softball fields, track, playgrounds, pavilions, tennis courts, a horse riding arena, two community centers, fitness and aquatics center, water park, fishing pond, walking trails and two gyms. Property taxes, AQUA PARDS entry fees, rental fees and public based program fees provide most of the funding for the PARDS operation and maintenance.

Property taxes are the largest source of revenue for PARDS. PARDS collects taxes for operation and maintenance and a separate millage for debt retirement (sinking fund). The money collected for the sinking fund can only be used to pay off the existing bonded debt. The sinking fund money cannot be used for operation and maintenance of the park system. Other sources of revenue for PARDS include program registration fees, fitness and aquatics membership fees, water park admission fees, rental fees, concessions, and interest on investments.

In November 2014, the voters in Recreation District #3 passed a ten-year tax, which will secure ad valorem tax revenues thru December 31, 2025 as the prior millage expired December 31, 2015. This tax must be renewed every ten years. This tax allows the District to collect 15 mills for the operation and maintenance of the park system. In 2017, the District collected the full millage as allowed by law. These funds are placed into the general fund and are used to pay for the operation and maintenance of the park system.

The millage rate for the sinking fund varies from year to year. Rates are set based upon the amount needed to pay off the long-term debt. The sinking fund millage rate was reduced in 2017 and set at .10 of a mill. The original bond for 3 million dollars was passed in 1992 and will be repaid April 1, 2022.

The reduction of the sinking fund millage meant the park’s overall millage decreased from 17 mills in 2011, 16 mills in 2012 through 2014, and 15.35 mills in 2015, through 2016. The combined millage for the District totals 15.10 mills for 2017 and will continue to decrease as the bonds near retirement.

Recreation District No. 3  
of Livingston Parish

Changes In Net Position

	<u>2017</u>	<u>2016</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
<b>Revenues:</b>				
Program Revenues:				
Charges for Services	\$ 1,612,334	\$ 1,668,024	\$ (55,690)	(3.34)%
Operating Grants and Contributions	11,061	10,795	266	2.46%
General Revenues:				
Property Taxes - General Purposes	2,451,410	2,248,492	202,918	9.02%
Property Taxes - Debt Service	18,965	52,513	(33,548)	(63.89)%
Interest and Investment Earnings	41,020	43,425	(2,405)	(5.54)%
Sponsorships	18,700	21,200	(2,500)	(11.79)%
Other	<u>4,592</u>	<u>4,173</u>	<u>419</u>	10.04%
 Total Revenues	 4,158,082	 4,048,622	 109,460	 2.70%
<b>Expenses:</b>				
Personnel	1,997,666	1,834,834	162,832	8.87%
Program Expenses	252,666	306,805	(54,139)	(17.65)%
General Operations	1,829,857	1,873,059	(43,202)	(2.31)%
Interest on Long-Term Debt	<u>19,859</u>	<u>26,860</u>	<u>(7,001)</u>	(26.06)%
 Total Expenses	 <u>4,100,048</u>	 <u>4,041,558</u>	 <u>58,490</u>	 1.45%
 Changes in Net Position	 \$ 58,034	 \$ 7,064	 \$ 50,970	 721.55%
	<u><u>          </u></u>	<u><u>          </u></u>	<u><u>          </u></u>	

**REVENUES**

- The general fund property tax revenue increased \$202,918 from the previous year. The increase was a result of the rebound on assessments for 2017 compared to the August 2016 flood disaster on assessments in the local district.
- The Debt Service fund property tax revenue decreased by \$33,548 (voluntary reduction of millage as the debt nears retirement).
- There was a decrease of \$2,405 in the amount of interest on investments.
- Charges for services decreased \$55,690 with a decrease in membership of the Fitness and Aquatics Center due to the flood impact and the bad weather at the water park in 2017.

## EXPENSES

- Total Expenses had an increase of \$58,490 which is 1.45% increase due to increases for personnel benefits for 2017.
- Total personnel expenses increased 8.87% as a result of increases in pension related expenses.
- General Operations decreased \$43,202 due to less maintenance expenses.

## BUDGETARY HIGHLIGHTS

Major differences between the original budget and the final amended budget of the General Fund are briefly summarized as follows:

- The amended budgeted revenues were \$4,111,012, actual revenues were \$4,127,907 which was a favorable variance of \$16,895.
- The amended budgeted expenditures were \$3,867,775, actual expenditures were \$3,884,116.
- The overall final budget compared to the original budget reflects an increase of Excess Revenues over Expenditures of \$169,877.
- The amended budgeted total revenues over expenses was \$243,237 and the actual 2017 total revenue over expenses was \$243,791, a favorable variance of \$554.
- When we accepted the Parish's bond proceeds in 2008 for the construction of our new facilities, we added annual payments to the Parish of approximately \$693,000 to our budget. The first part of the plan to pay for this additional expense was to roll forward our taxes in 2008, which added \$377,944 to our tax collections. This still left a \$315,056 deficit for the payments to the Parish. The second part of the plan to pay for the additional expenditures was to be paid through our annual growth rate in our tax collections. It was estimated that with a modest 4% growth rate by 2013, we would almost make enough to cover the additional payments. General Fund tax collections for 2013 increased 4.39% over the 2012 collections because of the reassessment and annual growth. In 2017 we collected \$1,005,922 more in General Fund property taxes than we did in 2007. The required bond payment to the parish was \$640,239 in 2017.

Revenues:

- With continued growth within the district, the reassessment increased overall valued property along with a temporary reduction of selected properties due to flood damage. The District's ad valorem revenues however increased in 2017 as compared to the 2016 level by an actual 9.02% increase. The tax base is expected to continue to rebound in future years with continued growth.
- Charges for Services were originally budgeted at \$1,717,250 and was amended to \$1,604,146. This is a decrease of 7.05%. Actual revenues for Charges for Services amounted to \$1,608,334 in 2017 which resulted in a favorable variance amount greater than budget by \$4,188.

## Expenditures:

- Budgeted expenditures were amended with a decrease of \$43,115 under the original budget. The actual results yielded a \$16,341 unfavorable variance under the amended 2017 budget.
- Parks and Recreation Personnel Expenses which includes salaries and wages, payroll taxes and benefits were more than the final budget by \$9,265 for a unfavorable variance. This was due to slight increases in payroll benefit expenses.
- Program expenses increased over the amended budget by \$3,092 due to day camp costs in some District programs. The team sports decreased by \$1,570 under the amended budget and day camp and before and after school programs increased by \$3,929 over the amended budget.
- The general operations actual expenses increased by \$3,984 from the amended budget. The major variances between the amended budget and the actual expenses were as follows:
  - Repairs on the Fitness-Aquatic areas and Buildings' actual expenses increased from the amended budget by \$11,519.
  - Slight increases in actual utilities expenses and contracted services were over amended budget by \$4,320.
  - Other various multiple category decreases resulted in a \$11,855 favorable variance.

## CAPITAL ASSETS

**Capital assets.** PARDS' investment in capital assets as of December 31, 2017 amounted to \$2,436,203 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment and park facilities. The total net decrease in PARDS' investment in capital assets for the current year was \$129,570 or 5.05%. The cause of the decrease was because depreciation expense exceeded actual capital outlay in 2017.

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

- New equipment for maintenance totaled \$50,070 (mowers, cutters, etc).
- Chiller unit for the Center was purchased totaling \$87,650

\* Total Capital Outlay cost totaled \$137,720. Depreciation expense for 2017 amounted to \$267,290.

Additional information on PARDS' capital assets can be found in Note 5 of this report.

### **LONG-TERM DEBT**

At the end of the current year, PARDS' had total bonded debt outstanding of \$250,000. This debt is secured by an ad valorem tax on real and business personal property within the District.

Additional information on PARDS' long-term debt activity for 2017 can be found in Note 6 on page 35 of this report.

### **FUTURE EXPENSES**

On August 4, 2009 the Board of Commissioners signed a contract to build a \$6,112,000 Fitness and Aquatics Center and Water Park. This project is financed with a portion of the \$7,500,000 bond the Parish issued on behalf of the Recreation District. Future bond payments are approximately \$644,000 per year but fluctuate slightly year to year. The final payment is scheduled for October of 2038.

The FAC opened in March 2011. In its seventh year of operation the memberships continue to keep pace with projections. We expect the numbers of memberships to continue a gradual increase in the future.

With seven full seasons of Aqua PARDS and seven years of operating the Fitness and Aquatics Center, PARDS has a history to base future budgets on. The 2018 budget will again accurately reflect actual revenue and expenses in a concise way. In 2018, an improvement to the main center will be undertaken regarding air conditioning as capital outlay project. In 2019, enhancements to the water park with a face lift is planned.

### **REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of PARDS' 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 the Superintendent, Mr. Gary Templeton, Post Office Box 1281, Denham Springs, Louisiana, 70727-1281.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**RECREATION DISTRICT NO. 3  
OF LIVINGSTON PARISH**

**STATEMENT OF NET POSITION**

DECEMBER 31, 2017

(With Comparative Totals as of December 31, 2016)

	Governmental Activities	
	2017	2016
<b>ASSETS</b>		
Cash and Cash Equivalents	\$1,614,305	\$1,256,841
Certificates of Deposits	304,926	304,883
Ad Valorem Taxes Receivable, Net of Allowance	2,037,053	2,263,879
Other Receivables	14,758	836
Supplies Inventory	1,328	1,758
Deposits	20	20
Prepaid Insurance	20,523	19,043
Capital Assets:		
Land and Construction in Progress	537,909	537,909
Other Capital Assets, Net of Depreciation	1,898,294	2,027,864
Total Assets	6,429,116	6,413,033
<b>DEFERRED OUTFLOW OF RESOURCES</b>		
Deferred Outflows - Related to Pensions	414,748	559,809
<b>LIABILITIES</b>		
Accounts Payable	129,819	123,789
Accrued Liabilities	96,808	96,936
Interest Payable	4,351	6,092
Non-Current Liabilities:		
Net Pension Liability	308,384	390,534
Due Within One Year	50,000	100,000
Due in More Than One Year	200,000	250,000
Total Liabilities	789,362	967,351
<b>DEFERRED INFLOW OF RESOURCES</b>		
Deferred Inflows - Related to Pensions	56,287	65,310
<b>NET POSITION</b>		
Net Investment in Capital Assets	2,186,203	2,215,773
Restricted for Debt Service	298,936	404,456
Unrestricted	3,513,076	3,319,952
Total Net Position	\$5,998,215	\$5,940,181

The notes to the financial statements are an integral part of this statement.

**RECREATION DISTRICT NO. 3  
OF LIVINGSTON PARISH**

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2017  
(With Comparative Totals for the Year Ended December 31, 2016)

FUNCTIONS/PROGRAMS	Program Revenues				Total Governmental Activities - Net (Expense) Revenue and Changes In Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	2017	2016
	<b>Governmental Activities:</b>					
Parks and Recreation:						
Personnel	\$ 1,997,666	\$ -	\$ 11,061	\$ -	\$ (1,986,605)	\$ (1,824,039)
Program Expenses	252,666	1,522,259	-	-	1,269,593	1,267,308
General Operations	1,829,857	90,075	-	-	(1,739,782)	(1,779,148)
Debt Service:						
Interest on Long-Term Debt	19,859	-	-	-	(19,859)	(26,860)
Total Governmental Activities	<u>\$ 4,100,048</u>	<u>\$ 1,612,334</u>	<u>\$ 11,061</u>	<u>\$ -</u>	<u>(2,476,653)</u>	<u>(2,362,739)</u>
Taxes:						
Property Taxes, Levied for General Purposes					2,451,410	2,248,492
Property Taxes, Levied for Debt Services					18,965	52,513
Interest and Investment Earnings					41,020	43,425
Sponsorships					18,700	21,200
Miscellaneous					4,592	4,173
					<u>2,534,687</u>	<u>2,369,803</u>
Change in Net Position					58,034	7,064
Net Position - Beginning of Year					<u>5,940,181</u>	<u>5,933,117</u>
Net Position - End of Year					<u>\$ 5,998,215</u>	<u>\$ 5,940,181</u>

The notes to the financial statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

**RECREATION DISTRICT NO. 3  
OF LIVINGSTON PARISH**

BALANCE SHEET - GOVERNMENTAL FUNDS

DECEMBER 31, 2017

(With Comparative Totals as of December 31, 2016)

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>	
			<u>2017</u>	<u>2016</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$1,534,052	\$ 80,253	\$1,614,305	\$1,256,841
Certificates of Deposit	102,375	202,551	304,926	304,883
Ad Valorem Taxes Receivable	2,086,215	13,841	2,100,056	2,395,639
Allowance for Uncollectible Ad Valorem Taxes	(62,586)	(417)	(63,003)	(131,760)
Other Receivables	14,758	-	14,758	836
Due From General Fund	-	2,768	2,768	2,768
Supplies Inventory	1,328	-	1,328	1,758
Deposits	20	-	20	20
	<u>\$3,676,162</u>	<u>\$ 298,996</u>	<u>\$3,975,158</u>	<u>\$3,830,985</u>
 <b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ 129,759	\$ 60	\$ 129,819	\$ 123,789
Accrued Payroll	46,338	-	46,338	43,282
Payroll Taxes and Related Benefits Payable	47,470	-	47,470	49,041
Due to Primary Government	3,000	-	3,000	3,000
Unearned Revenue	-	-	-	1,613
Due to Debt Service Fund	2,768	-	2,768	2,768
	<u>229,335</u>	<u>60</u>	<u>229,395</u>	<u>223,493</u>
 <b>Fund Balances:</b>				
<b>Nonspendable:</b>				
Supplies Inventory	1,328	-	1,328	1,758
<b>Restricted for:</b>				
Debt Service	-	298,936	298,936	404,456
<b>Unassigned</b>	<u>3,445,499</u>	<u>-</u>	<u>3,445,499</u>	<u>3,201,278</u>
	<u>3,446,827</u>	<u>298,936</u>	<u>3,745,763</u>	<u>3,607,492</u>
Total Fund Balances	<u>\$3,676,162</u>	<u>\$ 298,996</u>	<u>\$3,975,158</u>	<u>\$3,830,985</u>
Total Liabilities and Fund Balances	<u>\$3,676,162</u>	<u>\$ 298,996</u>	<u>\$3,975,158</u>	<u>\$3,830,985</u>

The notes to the financial statements are an integral part of this statement.

**RECREATION DISTRICT NO. 3  
OF LIVINGSTON PARISH**

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

DECEMBER 31, 2017  
(With Comparative Totals as of December 31, 2016)

	<u>2017</u>	<u>2016</u>
Total Fund Balances - Governmental Funds	\$3,745,763	\$3,607,492
Cost of Capital Assets	9,158,509	9,020,789
Less: Accumulated Depreciation	<u>(6,722,306)</u>	<u>(6,455,016)</u>
	2,436,203	2,565,773
Prepaid Insurance	20,523	19,043
Elimination of Interfund Assets and Liabilities:		
Due from General Fund	2,768	2,768
Due to Debt Service Fund	<u>(2,768)</u>	<u>(2,768)</u>
	-	-
Long-Term Liabilities:		
Bonds Payable	(250,000)	(350,000)
Net Pension Asset (Liability)	(308,384)	(390,534)
Accrued Interest Payable	<u>(4,351)</u>	<u>(6,092)</u>
	(562,735)	(746,626)
Deferred Outflows of Resources Related to Pensions Are not Reported in Governmental Funds	414,748	559,809
Deferred Inflows of Resources Related to Pensions Are not Reported in Governmental Funds	<u>(56,287)</u>	<u>(65,310)</u>
Net Position	<u>\$5,998,215</u>	<u>\$5,940,181</u>

The notes to the financial statements are an integral part of this statement.

**RECREATION DISTRICT NO. 3  
OF LIVINGSTON PARISH**

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

FOR THE YEAR ENDED DECEMBER 31, 2017  
(With Comparative Totals for the Year Ended December 31, 2016)

	General Fund	Debt Service Fund	Total Governmental Funds	
			2017	2016
<b>Revenues:</b>				
Ad Valorem Taxes	\$2,451,410	\$ 18,965	\$2,470,375	\$2,301,005
Intergovernmental	4,000	-	4,000	4,000
Interest	40,871	149	41,020	43,425
Charges for Services:				
Day Camp and Before and After School Fees	642,053	-	642,053	662,125
Team Registrations	160,466	-	160,466	158,729
Driving Range Fees	10,453	-	10,453	20,135
Recreational Center Rental	23,804	-	23,804	25,170
Ballfield Rentals	21,931	-	21,931	14,830
Fitness and Aquatics Center	654,352	-	654,352	680,382
West Livingston Rental	5,200	-	5,200	5,152
Tournament Income	-	-	-	3,590
Concessions:				
Subcontracted	87,671	-	87,671	91,291
Vending Machines	2,404	-	2,404	2,620
Sponsorships	18,700	-	18,700	21,200
Miscellaneous	4,592	-	4,592	4,173
<b>Total Revenues</b>	<b>4,127,907</b>	<b>19,114</b>	<b>4,147,021</b>	<b>4,037,827</b>
<b>Expenditures:</b>				
Parks and Recreation Personnel:				
Salaries and Wages	1,635,443	-	1,635,443	1,501,190
Commissioners Per Diem	5,800	-	5,800	6,900
Payroll Taxes	73,013	-	73,013	64,725
Retirement Contributions	116,824	-	116,824	115,622
Health and Life Insurance	101,637	-	101,637	94,192
	<b>1,932,717</b>	<b>-</b>	<b>1,932,717</b>	<b>1,782,629</b>

(CONTINUED)

**RECREATION DISTRICT NO. 3  
OF LIVINGSTON PARISH**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2017  
(With Comparative Totals for the Year Ended December 31, 2016)

	General Fund	Debt Service Fund	Total Governmental Funds	
			2017	2016
<b>Expenditures (Continued):</b>				
Program Expenses:				
Team Sports	78,328	-	78,328	82,488
Day Camp and Before and After				
School Programs	126,669	-	126,669	127,114
Fitness and Aquatics Center	44,873	-	44,873	94,783
Tournament Expense	79	-	79	1,071
Driving Range	2,421	-	2,421	2,276
	252,370	-	252,370	307,732
General Operations:				
Utilities	240,525	-	240,525	246,466
Maintenance and Repairs:				
Buildings and Grounds	82,289	-	82,289	86,026
Fitness and Aquatics Center	64,480	-	64,480	84,484
Vehicles	1,007	-	1,007	2,064
Tractors	43,198	-	43,198	43,388
West Livingston	16,075	-	16,075	32,766
Insurance	153,558	-	153,558	156,319
Contracted Services	59,795	-	59,795	56,727
Professional Services	33,555	-	33,555	39,476
Concession Expenses:				
Repairs and Small Equipment Purchases	48,411	-	48,411	40,466
Internally Controlled	1,614	-	1,614	2,654
Vending Machines	4,472	-	4,472	4,676
Telephone	17,528	-	17,528	17,551
Janitorial Supplies and Service	10,363	-	10,363	9,728
Truck and Tractor - Gas and Oil	20,395	-	20,395	15,588
Sponsorship Expenses	1,670	-	1,670	10,769
Office Supplies	5,606	-	5,606	5,720
Uniforms	8,768	-	8,768	9,359
Advertising	882	-	882	725

(CONTINUED)

**RECREATION DISTRICT NO. 3  
OF LIVINGSTON PARISH**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2017  
(With Comparative Totals for the Year Ended December 31, 2016)

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>	
			<u>2017</u>	<u>2016</u>
<b>General Operations (Continued):</b>				
Dues and Subscriptions	1,054	-	1,054	929
Postage and Freight	843	-	843	908
Miscellaneous	12,023	935	12,958	8,473
Assessors Pension Fund	92,959	2,099	95,058	90,046
Capital Outlay	137,720	-	137,720	138,296
Intergovernmental Transfer	640,239	-	640,239	641,788
	<u>1,699,029</u>	<u>3,034</u>	<u>1,702,063</u>	<u>1,745,392</u>
<b>Debt Service:</b>				
Principal Retirement	-	100,000	100,000	100,000
Interest Expense	-	21,000	21,000	28,000
Agent Fee	-	600	600	600
	<u>-</u>	<u>121,600</u>	<u>121,600</u>	<u>128,600</u>
<b>Total Expenditures</b>	<u>3,884,116</u>	<u>124,634</u>	<u>4,008,750</u>	<u>3,964,353</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	243,791	(105,520)	138,271	73,474
<b>Fund Balances - Beginning of Year</b>	<u>3,203,036</u>	<u>404,456</u>	<u>3,607,492</u>	<u>3,534,018</u>
<b>Fund Balances - End of Year</b>	<u>\$3,446,827</u>	<u>\$298,936</u>	<u>\$3,745,763</u>	<u>\$3,607,492</u>

The notes to the financial statements are an integral part of this statement.

**RECREATION DISTRICT NO. 3  
OF LIVINGSTON PARISH**

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

FOR THE YEAR ENDED DECEMBER 31, 2017  
(With Comparative Totals for the Year Ended December 31, 2016)

	2017	2016
Total Net Change in Fund Balances - Governmental Funds	\$ 138,271	\$ 73,474
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the period:		
Capital Outlays	137,720	138,296
Depreciation Expense	(267,290)	(266,089)
Change in prepaid insurance	1,480	1,053
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
General Obligation Bond Principal Repayments	100,000	100,000
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
(Increase) Decrease in Net Pension Obligation	(64,949)	(52,205)
Proportionate share of non-employer contributions to the pension plans do not provide current financial resources and, therefore, are not reported as revenues in the governmental funds.		
	11,061	10,795
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.		
	1,741	1,740
Change in Net Position of Governmental Activities	\$ 58,034	\$ 7,064

The notes to the financial statements are an integral part of this statement.

**RECREATION DISTRICT NO. 3  
OF LIVINGSTON PARISH**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2017

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
<b>Revenues:</b>				
Ad Valorem Taxes	\$ 2,200,000	\$ 2,441,400	\$ 2,451,410	\$ 10,010
Intergovernmental	4,000	4,000	4,000	-
Interest	41,000	38,500	40,871	2,371
Charges for Services:				
Day Camp and Before and After School Fees	635,000	650,000	642,053	(7,947)
Team Registrations	159,300	160,483	160,466	(17)
Driving Range Fees	21,000	10,700	10,453	(247)
Recreational Center Rental	40,000	21,350	23,804	2,454
Ballfield Rentals	15,000	21,000	21,931	931
Fitness and Aquatics Center	743,250	646,009	654,352	8,343
West Livingston Rental	4,500	4,600	5,200	600
Tournament Income	2,500	-	-	-
Concessions:				
Subcontracted	94,500	87,604	87,671	67
Vending Machines	2,200	2,400	2,404	4
Sponsorships	17,000	18,700	18,700	-
Miscellaneous	5,000	4,266	4,592	326
Total Revenues	3,984,250	4,111,012	4,127,907	16,895
 <b>Expenditures:</b>				
Parks and Recreation Personnel:				
Salaries and Wages	1,565,154	1,629,654	1,635,443	(5,789)
Commissioners Per Diem	8,400	6,700	5,800	900
Payroll Taxes	77,000	72,000	73,013	(1,013)
Retirement Contributions	114,000	116,900	116,824	76
Health and Life Insurance	110,000	98,198	101,637	(3,439)
	1,874,554	1,923,452	1,932,717	(9,265)

(CONTINUED)

**RECREATION DISTRICT NO. 3  
OF LIVINGSTON PARISH**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2017

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
<b>Program Expenses:</b>				
Team Sports	81,900	79,898	78,328	1,570
Day Camp and Before and After School Programs	117,000	122,740	126,669	(3,929)
Fitness and Aquatics Center	92,575	44,410	44,873	(463)
Tournament Expense	500	80	79	1
Driving Range	2,500	2,150	2,421	(271)
	294,475	249,278	252,370	(3,092)
<b>General Operations:</b>				
Utilities	250,000	237,000	240,525	(3,525)
<b>Maintenance and Repairs:</b>				
Buildings and Grounds	80,000	75,000	82,289	(7,289)
Fitness and Aquatics Center	66,000	60,250	64,480	(4,230)
Vehicles	4,000	1,000	1,007	(7)
Tractors	40,000	45,000	43,198	1,802
West Livingston	35,000	25,000	16,075	8,925
Insurance	165,000	153,500	153,558	(58)
Contracted Services	59,500	59,000	59,795	(795)
Professional Services	46,000	36,500	33,555	2,945
<b>Concession Expenses:</b>				
<b>Repairs and Small Equipment</b>				
Purchases	41,000	46,790	48,411	(1,621)
Internally Controlled	2,700	1,290	1,614	(324)
Vending Machines	3,000	3,900	4,472	(572)
Telephone	17,000	16,700	17,528	(828)
Janitorial Supplies and Service	10,000	10,000	10,363	(363)
Truck and Tractor - Gas and Oil	25,000	21,000	20,395	605
Sponsorship Expenses	5,000	1,670	1,670	-

(CONTINUED)

**RECREATION DISTRICT NO. 3  
OF LIVINGSTON PARISH**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2017

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
Office Supplies	8,500	5,500	5,606	(106)
Uniforms	9,000	9,200	8,768	432
Advertising	5,500	830	882	(52)
Dues and Subscriptions	1,000	1,055	1,054	1
Postage and Freight	1,000	800	843	(43)
Miscellaneous	15,160	13,155	12,023	1,132
Assessors Pension Fund	92,000	92,000	92,959	(959)
Capital Outlay	119,316	137,720	137,720	-
Intergovernmental Transfer	641,185	641,185	640,239	946
	<u>1,741,861</u>	<u>1,695,045</u>	<u>1,699,029</u>	<u>(3,984)</u>
Total Expenditures	<u>3,910,890</u>	<u>3,867,775</u>	<u>3,884,116</u>	<u>(16,341)</u>
Excess of Revenues Over Expenditures	73,360	243,237	243,791	554
<b>Fund Balance - Beginning of Year</b>	<u>3,203,036</u>	<u>3,203,036</u>	<u>3,203,036</u>	<u>-</u>
<b>Fund Balance - End of Year</b>	<u><u>\$ 3,276,396</u></u>	<u><u>\$ 3,446,273</u></u>	<u><u>\$ 3,446,827</u></u>	<u><u>\$ 554</u></u>

The notes to the financial statements are an integral part of this statement.

**RECREATION DISTRICT NO. 3 OF  
LIVINGSTON PARISH**

**NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2017

**Note 1 - Organization, Nature of Operations, and Summary of Significant Accounting Policies -**

**a. Organization and Nature of Operations**

Recreation District No. 3 of the Parish of Livingston, State of Louisiana ("the District") was created November 27, 1973, by the Livingston Parish Council, as provided by Louisiana Revised Statute 33:4562. A board of seven commissioners who are appointed by the Livingston Parish Council governs the District. The purpose of the District is to provide playground and other facilities that promote recreation and general health and well-being. The District encompasses approximately 29% of Livingston Parish, Louisiana, and serves approximately 35,000 people. The District operates three recreational facilities referred to as North Park, South Park, and West Livingston Playground.

**b. Reporting Entity**

The Livingston Parish Council is the financial reporting entity for Livingston Parish, Louisiana. The Livingston Parish Council appoints a voting majority of the District's governing body and can impose its will on the District. Accordingly, the District has been determined to be a component unit of the Livingston Parish Council.

The accompanying financial statements present information only on the activities and funds maintained by the District and do not present information on the Livingston Parish Council, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity for Livingston Parish, Louisiana.

The District has no entities or organizations that are required to be included in its financial report as defined by Governmental Accounting Standards Board (GASB) Statement 61.

**c. Basis of Statement Presentation**

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) of the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

This financial report has been prepared in conformity with GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments.

**RECREATION DISTRICT NO. 3 OF  
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2017

**d. Fund Accounting**

The District uses fund accounting to maintain its financial records and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions relating to certain governmental functions or activities.

A fund is defined as a separate accounting entity with a self-balancing set of accounts. Funds of the District are classified as governmental funds. Governmental funds account for the District's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. The governmental funds presented in the financial statements are described as follows:

**Governmental Fund Types**

**General Fund**

The General Fund is the general operating fund of the District and accounts for all financial resources, except those required to be accounted for in other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid for through other funds are paid from the General Fund.

**Debt Service Fund**

The Debt Service Fund is used to account for accumulation of resources for the payment of general long-term debt principal, interest, and related costs.

**e. Measurement Focus/Basis of Accounting**

**Basic Financial Statements - Government-Wide Financial Statements (GWFS)**

The Statement of Net Position and the Statement of Activities display information about the reporting government as a whole. These statements include all the financial activities of the District.

The GWFS were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

**RECREATION DISTRICT NO. 3 OF  
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2017

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

The District does not allocate indirect expenses.

**Basic Financial Statements - Governmental Funds**

The accounting and financial reporting treatment applied to a fund are determined by its measurement focus. 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 Governmental Funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. The General Fund and the Debt Service Fund are considered major funds of the District.

The modified accrual basis of accounting is used by Governmental Funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter (generally 60 days) to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. The Governmental Funds use the following practices in recording revenues and expenditures:

**Revenues**

**Ad valorem** taxes are recorded in the year the taxes are due and payable. Generally, ad valorem taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent on January 1 of the following year. The taxes are generally collected in December, January, and February of the fiscal year.

**Interest income** is composed of interest from interest-bearing demand deposits, from time deposits and from ad valorem taxes. Interest earned on idle cash, cash equivalents, and investments is recorded when the income is both measurable and available.

**RECREATION DISTRICT NO. 3 OF  
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2017

**Intergovernmental revenues** are recorded when the income is both measurable and available.

**Grant revenues** are recorded when the District is entitled to reimbursement of expenditures under the terms of the grant.

**Charges for services** are recorded as revenue when the fees are collected because they are usually paid at the time the service is rendered.

**Other revenues**, such as; concession sales, sponsorships, donations, refunds, and miscellaneous revenues are recorded as revenue when the money is received because they are generally not measurable until actually received.

**Expenditures**

Principal and interest on general long-term obligations are recognized when due. All other expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

**Other Financing Sources (Uses)**

Other financing sources (uses) include the proceeds from the sale of fixed assets and transfers between funds that are not expected to be repaid. Proceeds from the sale of fixed assets are recorded when received and transfers are recorded when the transfer is made. There were no sales or transfers in the current year.

**f. Budgetary Policy and Accounting**

The District prepares its annual operating budget on the modified accrual basis of accounting, which is consistent with generally accepted accounting principles (GAAP). The District's budget process also has to follow the requirements of state law as set forth by the Louisiana Local Government Budget Act.

The following procedures are used in establishing the budgetary data reflected in the financial statements:

- Before the second Monday of November, the District prepares a budget for the next fiscal year that begins January 1. The operating budget includes proposed expenditures and the means of financing them.
- The board members discuss the proposed budget at the regular meeting of the Board of Commissioners on the second Monday of November and set the date for the special public hearing on the proposed budget.

**RECREATION DISTRICT NO. 3 OF  
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2017

- The public hearing to review and discuss the budget is held immediately before the regular meeting of the Board of Commissioners on the second Monday in December. The public hearing for the District's 2017 original budget was held on December 12, 2016.
- The budget is adopted at the Board of Commissioners regular monthly meeting immediately following the public hearing.

Once the budget is approved, it can be amended by approval of a majority of the Board of Commissioners. The process of presenting and approving budget amendments follows a procedure similar to the one used to adopt the initial budget. There was one amendment made to the budget that was initially adopted for 2017. The amendment was approved at a regular meeting of the District's Board of Commissioners on December 11, 2017.

All budget appropriations lapse at year-end.

**g. Encumbrances**

Encumbrances outstanding at year end do not represent GAAP expenditures or liabilities but represent budgetary accounting controls. The Governmental Fund's budget is maintained on the modified accrual basis of accounting except that budgetary basis expenditures include purchase orders and contracts (encumbrances) issued for goods or services not received at year end.

The actual results of operations are presented in accordance with GAAP and the Commission's accounting policies do not recognize encumbrances as expenditures until the period in which the goods or services are actually received and a liability is incurred. At December 31, 2017, the District had no outstanding encumbrances.

**h. Inventories**

Inventories are valued by management at cost and estimated cost. Inventories consist primarily of equipment fuel. Inventories at year-end are offset by an equal amount of nonspendable fund balance.

**i. Cash and Cash Equivalents**

Cash includes petty cash, demand deposits, and interest-bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of three months or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States. Cash and cash equivalents are presented at cost in the District's balance sheet.

**RECREATION DISTRICT NO. 3 OF  
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2017

**j. Investments**

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 and the District's investment policy. If the original maturities of time deposits exceed three months, they are classified as investments; however, if the original maturities are three months or less, they are classified as cash equivalents.

GASB Statement 31 requires the District to report its investments at fair value in the balance sheet except for investments in non-participating interest-earning contracts, such as non-negotiable certificates of deposit with redemption terms that do not consider market rates. This type of investment is reported using a cost-based measure, provided that the fair value of the contract is not significantly affected by the impairment of the credit standing of the issuer or other factors.

**k. Receivables and Payables**

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable based on agings and estimated charge-off percentages comprise the trade accounts receivable allowance for uncollectibles. The property tax receivable allowance is equal to five and one half percent of the current year property tax levy.

Property taxes are levied in September or October each year on property values assessed as of the same date. Billed taxes become delinquent on January 1 of the following year, at which time the applicable property is subject to lien, and penalties and interest are assessed.

**l. Prepaid Items**

Payments for general insurance reflect costs that are applicable to future periods and are recorded as prepaid in the government-wide financial statements. In the fund financial statements, the entire payment is treated as a current expenditure even though future periods benefit from the advance payment.

**m. Capital Assets and Depreciation**

Capital assets include any land, buildings, major park improvements, equipment, and vehicles owned by the District. All capital assets are valued at historical cost, except for donated assets, which are valued at estimated fair market value at the date of donation. At December 31, 2017 the District had no donated assets. In cases where assets are constructed with borrowed money the interest expense paid on the related debt is capitalized as part of the cost of the asset.

It is the District's policy to capitalize purchases of moveable property costing at least \$1,000 and purchases of real property and major park improvements costing at least \$1,500.

All buildings, major park improvements, equipment and vehicles are depreciated using the straight line method of depreciation over the following estimated useful lives:

**RECREATION DISTRICT NO. 3 OF  
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2017

<u>Assets</u>	<u>Years</u>
Buildings	40
Park Improvements	10 - 30
Equipment	5 - 25
Vehicles	5

**n. Deferred Outflows and Inflows of Resources**

The statement of financial position reports a separate section for deferred outflows and (or) inflows of financial resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represents an acquisition of a net position that applies to a future period(s) and so will not be recognized as an inflow of resources until that time.

All of the District's deferred outflows and inflows of resources on the statement of net position are related to pensions. See pension Note 7.

**o. Vacation and Sick Leave**

Upon completion of one year of service, all full time employees earn from 10 to 20 days of vacation leave each year depending upon the number of years employed. All full-time employees earn from 5 to 10 days of sick leave each year depending upon when they are hired during the year and the number of years employed. Vacation cannot be carried over from year to year or taken in advance. Sick leave can be accumulated up to a maximum of 100 days. Unused vacation or sick leave is not paid to employees when they terminate. Accordingly, the financial statements do not include any liability for compensated absences. The cost of current leave privileges is recognized as a current year expenditure in the General Fund when the leave is actually used.

**p. Transfers and Interfund Loans**

Transfers are advances between funds that are not expected to be repaid. In those cases where repayment is expected, the advances are accounted for through the various "due from" and "due to" accounts in the fund financial statements. The "due from" and "due to" accounts are eliminated in the government-wide financial statements.

**q. Pension**

The District is a participating employer in cost-sharing, multiple-employer defined benefit plan as described in Note 7. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of each of the plans, and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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**r. Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position.

In the fund financial statements, governmental fund types recognize the face amount of debt issued as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**s. Use of Estimates**

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

**t. Net Position**

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position invested in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any debt proceeds used for the acquisition, construction, or improvements of those assets. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. All other net position is reported as unrestricted.

**u. Fund Balance**

In accordance with the provisions of Governmental Accounting Standards Board Statement No. 54, the District presents the following classification of fund balances in the governmental fund financial statements:

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

**Restricted** - Amounts that can be spent only for specific purposes because of the state or federal laws, or externally imposed conditions by grantors or creditors.

**Committed** - Amounts that can only be used for specific purposes determined by a formal action of the District. These amounts cannot be used for any other purpose unless the District removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed.

**Assigned** - Amounts that are designated as committed by the District but are not spendable until a budget resolution is passed.

**Unassigned** - All amounts not included in other spendable classifications; positive amounts are only in the general fund. The District has not adopted a policy to maintain the general fund's unassigned fund balance above a certain minimum balance.

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The details of the fund balances are included in the Balance Sheet - Governmental Funds. Restricted funds are used first as appropriate. Assigned Funds are reduced to the extent that expenditure authority has been budgeted by the District or the Assignment has been changed by the District. Decreases to fund balance first reduce Unassigned Fund balance; in the event that Unassigned becomes zero, then Assigned and Committed Fund Balances are used in that order.

**v. Summary Financial Information for 2016**

The financial statements include certain prior year summarized information in total. Such information does not include sufficient details to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended December 31, 2016, from which the summarized information was derived.

Certain items in the 2016 columns have been reclassified to conform to the presentation in the current year financial statements. Such reclassification had no effect on the previous reported excess (deficiency) if revenues over expenditures or change in net position.

**Note 2 - Cash, Cash Equivalents and Investments -**

For reporting purposes, cash and cash equivalents include cash, demand deposits, and time certificates of deposit with original maturities of 90 days or less when purchased. If the original maturities of time certificates of deposits exceed three months, they are classified as investments. Under state law the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, any other state in the union, or under the laws of the United States. Further, the District may invest in time deposits or certificates of deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

As confirmed by the fiscal agents, the District had cash and certificates of deposit with maturities less than 90 days totaling \$1,642,349 with a carrying amount of \$1,614,305 and certificates of deposit with maturities over 90 days with a confirmed balance and a carrying amount totaling \$304,926 at December 31, 2017. Cash, cash equivalents and certificates of deposits are stated at cost, which approximates market. These deposits must be secured under state law by federal deposit insurance or the pledge of securities owned by the bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank. The following is a summary of cash and cash equivalents and certificates of deposit with maturities less than 90 days, and certificates of deposit over 90 days at December 31, 2017:

	<u>Deposits in Bank Accounts</u>		
	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Total</u>
Book Balance	\$1,614,305	\$ 304,926	\$1,919,231
Bank Balance	\$1,642,349	\$ 304,926	\$1,947,275

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**Custodial Credit Risk - Deposits.** In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. To mitigate this risk, state law requires for these deposits (or the resulting bank balances) to be secured by federal deposit insurance or the pledge of securities by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. The pledged securities are deemed by Louisiana State Law to be under the control and possession and in the name of the District regardless of its designation by the financial institution in which it is deposited. As of December 31, 2017, none of the District's bank balance of \$1,947,275 was exposed to custodial credit risk.

**Note 3 - Ad Valorem Taxes -**

On April 23, 2005, the voters, who live within the boundaries of Recreation District No. 3 of Livingston Parish, Louisiana, passed a 15 mill (\$15 per \$1,000 of assessed valuation) ad valorem tax to provide funds for the operation and maintenance of the public parks located within the District. The tax is effective for a ten year period (2006 - 2015). On November 4, 2014 the voters, who live within the boundaries of Recreation District No. 3 of Livingston Parish, Louisiana, passed a renewal of the levy and collection of the 15 mill ad valorem tax for the purpose of operating and maintaining the District. The tax is effective for a period of ten years, beginning in the year 2015 and ending in the year 2025. In addition to this tax, the District can assess a millage (tax) to provide sufficient funds to pay for the principal and interest on a public improvement bond issue that was approved by the voters who lived in the District during 1991. This millage will expire in 2021.

The ad valorem taxes are levied each November 15 on the taxable assessed value listed as of the prior January 1 for all real and business personal property located within the boundaries of Recreation District No. 3. Taxable assessed value represents the appraised value of the property less exemptions allowed by law. The Livingston Parish District periodically determines the appraised values.

As of January 1, 2017, the assessed value of the property located within Recreation District No. 3 of Livingston Parish, Louisiana, was \$161,576,157. For 2017, the District elected to assess 15 mills to finance the maintenance and operations of the parks. In addition, management determined that a 0.10 mill assessment was needed to satisfy the payment of interest on the public improvement bonds. Accordingly, a total of 15.10 mills was assessed for 2017.

Taxes are due on November 15, the levy date, and they become delinquent on the following January 1. The taxes are generally collected in December of the current year and January through March of the following year. During late April or May, of the year following the year the tax was levied, the Sheriff's office sends out delinquent notices to the property owners. Soon after the Sheriff has mailed the delinquent notices, he will publish them in the newspaper. After a second publication in the newspaper and at least 30 days from the date of the first publication, the property is advertised for auction. The auction usually takes place in June or July. Properties sold at auction have liens placed on them by their buyers. The Parish will put a lien on any properties not sold at the auction.

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Delinquent tax collections are prorated between maintenance and debt service based on the rates adopted by the District for the year the particular levy was assessed. Management has based the allowances for uncollectible ad valorem taxes for the General and Debt Service Funds using historical experience in collecting the taxes and adjusting for allowances of prior years not used by the end of the current year. Historically, approximately 97% of the taxes have been collected. Total taxes assessed and taxes receivable at December 31, 2017, are as follows:

	General Operations <u>15.00 Mills</u>	Debt Service <u>0.10 Mill</u>	<u>Total</u>
<b><u>Revenues:</u></b>			
2017 Ad Valorem Tax Assessed	\$ 2,423,642	\$ 16,157	\$ 2,439,799
Add (Less): Current Allowance for Uncollectible Taxes	<u>27,768</u>	<u>2,808</u>	<u>30,576</u>
Net Ad Valorem Tax Revenue	<u>\$ 2,451,410</u>	<u>\$ 18,965</u>	<u>\$ 2,470,375</u>
<b><u>Receivable:</u></b>			
2017 Property Tax Assessed	\$ 2,423,642	\$ 16,157	\$ 2,439,799
Less: Current Year Taxes Collected in 2017	<u>(337,427)</u>	<u>(2,316)</u>	<u>(339,743)</u>
Taxes Receivable - Current Year	2,086,215	13,841	2,100,056
Prior Years Tax Receivables at December 31, 2016	2,341,020	54,619	2,395,639
Less: Prior Years Tax Collected in 2017	(2,303,384)	(53,841)	(2,357,225)
Less: Prior Years Receivable Written Off Against Allowance	<u>(37,636)</u>	<u>(778)</u>	<u>(38,414)</u>
Taxes Receivable - Prior Years	<u>-</u>	<u>-</u>	<u>-</u>
Total Property Taxes Receivable at December 31, 2017	2,086,215	13,841	2,100,056
Less: Allowance for Uncollectible Accounts	<u>(62,586)</u>	<u>(417)</u>	<u>(63,003)</u>
Net Property Tax Receivable at December 31, 2017	<u>\$ 2,023,629</u>	<u>\$ 13,424</u>	<u>\$ 2,037,053</u>

**Note 4 - Interfund Receivables and Payables -**

From time to time, the District may pay for certain fees with general funds rather than with debt service funds as a matter of convenience. The fund will then reimburse the other fund for amounts advanced on its behalf. As a result, the manner in which cash is spent and received creates short-term interfund loans. A summary of these interfund loans at year-end is as follows:

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	Due to Debt Service Fund	Due from General Fund
General Fund	\$ 2,768	\$ -
Debt Service Fund	-	2,768
Total	\$ 2,768	\$ 2,768

**Note 5 - Changes in Capital Assets -**

A summary of changes in capital assets follows:

	Balance December 31, 2016	Additions	Deletions	Balance December 31, 2017
<u>Governmental Activities:</u>				
Capital Assets not being Depreciated:				
Land	\$ 537,909	\$ -	\$ -	\$ 537,909
Construction in Progress	-	-	-	-
Total Capital Assets not being Depreciated	537,909	-	-	537,909
Capital Assets being Depreciated:				
Buildings	2,795,583	-	-	2,795,583
Park Improvements	4,278,532	-	-	4,278,532
Vehicles	144,708	-	-	144,708
Equipment and Furniture	1,264,057	137,720	-	1,401,777
Total Capital Assets being Depreciated	8,482,880	137,720	-	8,620,600
Less: Accumulated Depreciation for:				
Buildings	1,819,736	70,693	-	1,890,429
Park Improvements	3,441,135	95,690	-	3,536,825
Vehicles	125,924	11,127	-	137,051
Equipment and Furniture	1,068,221	89,780	-	1,158,001
Total Accumulated Depreciation	6,455,016	267,290	-	6,722,306
Total Capital Assets being Depreciated, Net	2,027,864	(129,570)	-	1,898,294
Total Governmental Activities Capital Assets, Net	\$2,565,773	\$ (129,570)	\$ -	\$2,436,203

Depreciation expense of \$267,290 was charged to the General Operations function in the Statement of Activities.

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**Note 6 - Changes in General Long-Term Debt -**

The following is a summary of the changes in general long-term debt of the District for the year ended December 31, 2017:

Long-term debt at December 31, 2016	\$ 350,000
Additions	-
Repayments	<u>(100,000)</u>
Long-term debt payable at December 31, 2017	<u>\$ 250,000</u>

The long-term debt at year-end, consists of the unpaid principal of public improvement bonds that were originally issued April 1, 1992. At year-end, there were outstanding interest payments totaling \$43,750. The remaining bonds will mature from 2018 to 2022 at interest rate of 7.00% percent per annum. The bonds are secured by an ad valorem tax on real and business personal property within Recreation District No. 3 of Livingston Parish.

The annual requirements to amortize the remaining bonds outstanding are as follows:

<u>Year Ending</u>	<u>Yearly Payments</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2018	\$ 50,000	\$ 15,750	\$ 65,750
2019	50,000	12,250	62,250
2020	50,000	8,750	58,750
2021	50,000	5,250	55,250
2022	<u>50,000</u>	<u>1,750</u>	<u>51,750</u>
	<u>\$ 250,000</u>	<u>\$ 43,750</u>	<u>\$ 293,750</u>

**Note 7 - Retirement Plan -**

The District follows the requirements of GASB Statement 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27 and GASB Statement 71, Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment to GASB 68. These standards revise and establish new financial reporting requirements for governments that provide their employees with pension benefits. These standards require the District to record its proportionate share of each of the pension plans net pension liability and report the following disclosures:

**General Information about the Pension Plan**

***Parochial Employees Retirement System of Louisiana Plan Description:***

Twenty-three of the District's employees are members of the Parochial Employees' Retirement System (PERS) - Plan "A", a cost-sharing multiple-employer defined benefit plan administered by the Parochial Employees' Retirement System of Louisiana. PERS was established and provided for by R.S. 11:1901 of the Louisiana Revised Statute. The System is composed of two

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distinct plans, Plan A and Plan B, with separate assets and benefit provisions. PERS issues a publicly available financial report that can be obtained at [www.persla.org](http://www.persla.org).

***Benefits Provided:***

The following is a description of the plan and their benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

**1. Retirement**

All permanent parish government employees (except those employed by Orleans, Lafourche and East Baton Rouge Parishes) who work at least 28 hours a week shall become members on the date of employment. New employees meeting the age and Social Security criteria have up to 90 days from the date of hire to elect to participate. As of January 1997, elected officials, except coroners, justices of the peace, and parish presidents may no longer join the System. Any member of Plan A can retire providing he/she meets one of the following criteria:

For employees hired prior to January 1, 2007:

- 1 - Age 55 with thirty (30) years of creditable service.
- 2 - Age 55 with twenty-five (25) years of creditable service.
- 3 - Age 60 with a minimum of ten (10) years of creditable service.
- 4 - Age 65 with a minimum of seven (7) years of creditable service.

For employees hired after January 1, 2007:

- 1 - Age 55 with thirty (30) years of creditable service.
- 2 - Age 62 with a minimum of ten (10) years of creditable service.
- 3 - Age 67 with a minimum of seven (7) years of creditable service.

Generally, the monthly amount of the retirement allowance for any member of Plan A shall consist of an amount equal to two percent of the members' final average compensation multiplied by his years of creditable service. However, under certain conditions, as outlined in the statutes, the benefits are limited to specified amounts.

**2. Survivor Benefits**

Upon the death of any member of Plan A with five (5) or more years of service who is not eligible for retirement, the plan provides for benefits for the surviving spouse and minor children, as outlined in the statutes.

Any member of Plan A, who is eligible for normal retirement at time of death, the surviving spouse shall receive an automatic Option 2 benefit, as outlined in the statutes.

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**3. Deferred Retirement Option Plan**

Act 338 of 1990 established the Deferred Retirement Option Plan (DROP) for the Retirement System. DROP is an option for that member who is eligible for normal retirement. In lieu of terminating employment and accepting a service retirement, any member of Plan A or B who is eligible to retire may elect to participate in the Deferred Retirement Option Plan (DROP) in which they are enrolled for three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund. Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or roll over the fund to an Individual Retirement Account. Interest is accrued on the DROP benefits for the period between the end of DROP participation and the member's retirement date. For individuals who become eligible to participate in the Deferred Retirement Option Plan on or after January 1, 2004, all amounts which remain credited to the individual's subaccount after termination in the Plan will be placed in liquid asset money market investments at the discretion of the board of trustees. These subaccounts may be credited with interest based on money market rates of return or, at the option of the System, the funds may be credited to self-directed subaccounts. The participant in the self-directed portion of this Plan must agree that the benefits payable to the participant are not the obligations of the state or the System, and that any returns and other rights of the Plan are the sole liability and responsibility of the participant and the designated provider to which contributions have been made.

**4. Disability Benefits**

For Plan A, a member shall be eligible to retire and receive a disability benefit if he/she was hired prior to January 1, 2007, and has at least five years of creditable service or if hired after January 1, 2007, has seven years of creditable service, and is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan A shall be paid a disability benefit equal to the lesser of an amount equal to three percent of the member's final average compensation multiplied by his years of service, not to be less than fifteen, or three percent multiplied by years of service assuming continued service to age of sixty.

**5. Cost of Living Increases**

The Board is authorized to provide a cost of living allowance for those retirees who retired prior to July 1973. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. In addition, the Board may provide an additional cost of living increase to all retirees and beneficiaries who are over age sixty-five equal to 2% of the member's benefit paid on October 1, 1977, (or the

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member's retirement date, if later). Also, the Board may provide a cost of living increase up to 2.5% for retirees 62 and older. (RS 11:1937). Lastly, Act 270 of 2009 provided for further reduced actuarial payments to provide an annual 2.5% cost of living adjustment commencing at age 55.

***Contributions:***

According to state statute, contributions for all employers are actuarially determined each year. The District's required contribution rate for the period January 1, 2017 to December 31, 2017 was 12.5%. Employees were required to contribute 9.50% of their annual salary for the applicable period. Contributions to PERS from the District were \$116,824 for the year ended December 31, 2017.

According to state statute, PERS also receives  $\frac{1}{4}$  of 1% of ad valorem taxes collected within the respective parishes, except for Orleans and East Baton Rouge parishes. PERS also receives revenue sharing funds each year as appropriated by the Legislature. Tax monies and revenue sharing monies are apportioned between Plan A and Plan B in proportion to the member's compensation. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities. The amount of non-employer contributions recognized as revenue in the government-wide governmental activities statement of activities was \$11,061 for the year ended December 31, 2017.

**Pension Liabilities, Pension Expense, and Deferred Outflows and Deferred Inflows of Resources Related to Pensions**

At December 31, 2017, the District reported a liability of \$308,384 for its proportionate share of the net pension liability of PERS. For PERS, the net pension liability was measured as of December 31, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2016, the District's proportion was .14974% for PERS which was an increase of .00138% from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, the District recognized pension expense of \$181,773 for PERS.

At December 31, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 53,965
Changes in assumptions	58,549	-
Net difference between projected and actual earnings on pension plan investments	239,318	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	57	2,322
Employer contributions subsequent to the measurement date	116,824	-
Total	\$ 414,748	\$ 56,287

\$116,824 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended December 31:</u>	
2018	\$ 89,240
2019	95,951
2020	62,912
2021	(6,466)
	\$ 241,637

***Actuarial Assumptions:***

A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2016 for PERS are as follows:

	PERS
Inflation	2.50%
Salary increases	5.25% including inflation
Investment rate of return	7.00% (net of investment expense, including inflation)

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For PERS, mortality rates were based on RP-2000 Employee Mortality Table for active members; RP-2000 Healthy Annuitant Mortality Table was selected for healthy annuitants and beneficiaries; and RP-2000 Disabled Lives Mortality Table was selected for disabled annuitants.

For PERS' cost of living adjustments, the present value of future retirement benefits is based on benefits currently being paid by the Systems and includes previously granted cost of living increases. The present values do not include provisions for potential future increase not yet authorized by the Board of Trustees.

For PERS, the long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.66% for the year ended December 31, 2016. Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of December 31, 2016 are summarized in the following table:

<b>Asset Class</b>	<b>Target Asset Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Fixed Income	35.0%	1.24%
Equity	52.0%	3.63%
Alternatives	11.0%	0.67%
Real Assets	2.0%	0.12%
Total	100.0%	5.66%
Inflation		2.00%
Expected Arithmetic Nominal Return		7.66%

***Discount Rate:***

The discount rate used to measure the total pension liability was 7.00% for PERS which was no change from the prior measurement date of December 31, 2015. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions from participating employers and non-employer contributing entities will be made at actuarially determined rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments

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of current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

***Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate as of December 31, 2016 for PERS:

	Changes in Discount Rate		
	1% Decrease	Current Discount	1% Increase
	6.00%	7.00%	8.00%
Net pension liability (asset)	\$ 922,504	\$ 308,384	\$ (210,871)

***Pension Plan Fiduciary Net Position***

PERS issued a stand-alone audit report on its financial statements for the year ended December 31, 2016. Access to the audit report can be found on the System's website: [www.persla.org](http://www.persla.org) or on the Office of Louisiana Legislative Auditor's official website: [www.la.state.la.us](http://www.la.state.la.us).

**Payables to Pension Plan**

There was a \$47,157 payable to PERS at December 31, 2017. This payable is normal legally required contributions to the pension plan.

**Note 8 - Per Diem Paid Board Members -**

Each member of the Board of Commissioners is eligible to receive a per diem allowance of \$100 for attending each regular or special meeting of the board, not to exceed 24 meetings in one calendar year. Per diems paid to the board members for this year were as follows:

<u>Commissioner</u>	<u>Number of Meetings</u>	<u>Amount Received</u>
Julie Dyason-Norris	10	\$ 1,000
Guy Smith	7	700
Jay Mallett	8	800
Scott Huffstetler	5	500
Arthur Perkins	10	1,000
Jimmy Purvis	9	900
Karen Anderson	9	900
Total		\$ 5,800

**RECREATION DISTRICT NO. 3 OF  
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2017

**Note 9 - Income Taxes -**

The District is exempt from all Federal and Louisiana income taxes.

**Note 10 - Risk Management -**

The District is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. The District has purchased commercial insurance to cover or reduce the risk of loss that might arise should one of these incidents occur. There have been no significant reductions in coverage from the prior year. No settlements were made during the current fiscal year that exceeded the District's insurance coverage.

The District's management has not purchased commercial insurance or made provision to cover or reduce the risk of loss, as a result of business interruption and certain acts of nature, like flood or earthquakes.

The District also does not carry general liability insurance on the parks and playgrounds because it has been unable to obtain coverage at a cost it considers to be economically justifiable. Accordingly, management has opted to self-insure for this type of risk. The District has not had to settle or pay any claims for incidents where it was uninsured. The district does carry a general liability policy for the Fitness and Aquatics Center, Public buildings, and for any District Sponsored sports events.

**Note 11 - Commitment -**

On July 30, 2008, the Board of Commissioners of the District 3 voted to adopt a Resolution requesting for the Parish of Livingston to proceed with a bond issue not to exceed \$9,000,000 through the Louisiana Local Government Environmental Facilities and Community Development Authority in order to provide funds for the District to acquire, design, construct, and develop public parks, playgrounds, and recreational properties and facilities within the District. The Board of Commissioners also voted to authorize entering into a Local Service Agreement between the Parish of Livingston and the District, in accordance with the provisions of Louisiana Revised Statutes 33:1321 - 1337, which provides for financing agreements between political subdivisions. On September 23, 2008 the Board voted to authorize the sale of \$8,635,000 in bonds for the facility expansion and other costs related to the issuance of the debt. These bonds were issued on October 1, 2008 with scheduled maturities through 2038. The bonds were issued in the name of the Livingston Parish Council and are recorded on the books of the Livingston Parish Council. The Livingston Parish Council administered the construction funds as they were spent on the construction of the new recreational facilities. According to the provisions of the Local Service Agreement, the Parish agreed to deposit the proceeds of the bonds into a construction account to enable the District to finance the Projects, fund the reserve fund for the bonds and pay the cost of issuance of the bonds while the District agreed to pay the payment obligations to the Trustee, on behalf of the Parish, in accordance with the debt covenant requirements of the loan from current ad valorem tax revenues. The various projects related to this bond issue were completed during 2011.

**RECREATION DISTRICT NO. 3 OF  
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2017

On April 14, 2014, the Board of Commissioners of the District 3 voted to adopt a Resolution requesting for the Parish of Livingston to proceed with a bond issue not to exceed \$9,750,000 through the Louisiana Local Government Environmental Facilities and Community Development Authority in order to provide funds to refund all or a portion of the outstanding Revenue Bonds, Series 2008, and to authorize entering into a Local Service Agreement between the Parish of Livingston and the District, in accordance with the provisions of Louisiana Revised Statutes 33:1321 - 1337, which provides for financing agreements between political subdivisions. On June 19, 2014, the Livingston Parish Council issued \$9,195,000 Local Government Environmental Facilities and Community Development Authority Revenue Refunding Bonds (Livingston Parish, Louisiana – North Park Project), Series 2014 for the purpose of refunding a portion of the 2008 Series Bonds maturing in the years 2025-2038 (including all sinking fund payments associated therewith), funding the Reserve Fund for the Bonds, and paying the costs of issuance of the Bonds. The net proceeds of \$8,918,119 were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2008 Series bonds. As a result, \$7,140,000 of the 2008 Series Bonds were considered in-substance defeased and the District no longer has a commitment for the defeased portion of 2008 Series Bonds. At December 31, 2017, \$7,140,000 of defeased bonds are still outstanding.

For the year ended December 31, 2017, a total of \$640,239 was paid by the District to the Livingston Parish Council for sinking fund payments. As of December 31, 2017, a total of \$12,739,111 is outstanding and due to the Livingston Parish Council and is anticipated to be paid to the trustee on behalf of the Livingston Parish Council by the District by the end of 2038 as provided by the Local Service Agreements.

For the Series 2008 and Series 2014 Bonds, the annual requirements of principal and interest and for sinking fund payments from operations per the Local Service Agreements are as follows:

**RECREATION DISTRICT NO. 3 OF  
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2017

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Annual Sinking Fund Requirements</u>
2018	\$ 295,000	\$ 346,365	\$ 641,365	\$ 641,585
2019	310,000	332,245	642,245	643,526
2020	330,000	317,365	647,365	647,390
2021	340,000	307,465	647,465	647,415
2022	350,000	297,265	647,265	647,140
2023-2027	1,905,000	1,320,485	3,225,485	3,225,005
2028-2032	2,265,000	961,965	3,226,965	3,226,420
2033-2037	2,750,000	473,865	3,223,865	3,224,554
2038	620,000	25,420	645,420	484,065
	<u>\$ 9,165,000</u>	<u>\$ 4,382,440</u>	<u>\$ 13,547,440</u>	<u>13,387,100</u>
Less:				
Contribution to Debt				
Service Reserve Funds				<u>(647,989)</u>
Total Remaining Commitment				<u>\$ 12,739,111</u>

**Note 12 - Schedule of Compensation, Benefits and Other Payments to Agency Head -**

In accordance with Louisiana Revised Statute 24:513A, the following is a Schedule of Compensation and Benefits received by Gary Templeton, Recreation District No. 3 Superintendent, who was the acting agency head for the year ended December 31, 2017:

	<u>Gary Templeton</u>
Salary	\$ 68,577
Benefits - Insurance	4,702
Benefits - Retirement	8,572
Registration Fees	142
Conference Travel	<u>193</u>
Total Compensation	<u>\$ 82,186</u>

**RECREATION DISTRICT NO. 3 OF  
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2017

**Note 13 - Current Accounting Pronouncements -**

In November 2016, the Governmental Accounting Standards Board issued GASB Statement No 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. If an ARO (or portions thereof) has been incurred by a government but is not yet recognized because it is not reasonably estimable, the government is required to disclose that fact and the reasons therefor. This Statement requires similar disclosures for a government's minority shares of AROs. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

In January 2017, the Governmental Accounting Standards Board issued GASB Statement No 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. A fiduciary component unit, when reported in the fiduciary fund financial statements of a primary government, should combine its information with its component units that are fiduciary component units and aggregate that combined information with the primary government's fiduciary funds. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.

**RECREATION DISTRICT NO. 3 OF  
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2017

In March 2017, the Governmental Accounting Standards Board issued GASB Statement No 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). Specifically, this Statement addresses the following topics:

- Blending a component unit in circumstances in which the primary government is a business type activity that reports in a single column for financial statement presentation
- Reporting amounts previously reported as goodwill and "negative" goodwill
- Classifying real estate held by insurance entities
- Measuring certain money market investments and participating interest earning investment contracts at amortized cost
- Timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus
- Recognizing on-behalf payments for pensions or OPEB in employer financial statements
- Presenting payroll-related measures in required supplementary information for purposes of reporting by OPEB plans and employers that provide OPEB
- Classifying employer-paid member contributions for OPEB
- Simplifying certain aspects of the alternative measurement method for OPEB
- Accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged.

In May 2017, the Governmental Accounting Standards Board issued GASB Statement No 86, *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources-resources other than the proceeds of refunding debt-are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged.

In May 2017, the Governmental Accounting Standards Board issued GASB Statement No 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as

**RECREATION DISTRICT NO. 3 OF  
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2017

operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. Leases should be recognized and measured using the facts and circumstances that exist at the beginning of the period of implementation (or, if applied to earlier periods, the beginning of the earliest period restated). However, lessors should not restate the assets underlying their existing sales-type or direct financing leases. Any residual assets for those leases become the carrying values of the underlying assets.

Management is currently evaluating the effects of the new GASB pronouncements.

**Note 14 - Subsequent Events -**

Management has evaluated subsequent events and transactions for potential recognition or disclosures in the financial statements through June 11, 2018, the date which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**RECREATION DISTRICT NO. 3  
OF LIVINGSTON PARISH**

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY

FOR THE YEAR ENDED JUNE 30, 2017\*

<u>Fiscal Year</u>	<u>Employer's Proportion of the Net Pension Liability</u>	<u>Employer's Proportionate Share of the Net Pension Liability</u>	<u>Employer's Covered- Employee Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
<b>Parochial Employees' Retirement System of Louisiana:</b>					
2015	0.13839%	\$ 37,773	\$ 764,665	4.94%	99.15%
2016	0.14836%	390,534	850,654	45.91%	92.23%
2017	0.14974%	308,384	888,019	34.73%	94.15%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

\*The amounts presented were determined as of the calendar year-end that occurred within the fiscal year.

See independent auditor's report.

**RECREATION DISTRICT NO. 3  
OF LIVINGSTON PARISH**

SCHEDULE OF CONTRIBUTIONS

FOR THE YEAR ENDED JUNE 30, 2017\*

<u>Fiscal Year</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Employee Payroll</u>	<u>Contributions as a % of Covered Employee Payroll</u>
<b>Parochial Employees' Retirement System of Louisiana:</b>					
2015	\$ 123,345	\$ 123,345	\$ -	\$ 850,654	14.50%
2016	115,622	115,622	-	888,019	13.02%
2017	116,824	116,824	-	934,592	12.50%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

\*The amounts presented were determined as of the fiscal year.

See independent auditor's report.

**RECREATION DISTRICT NO. 3 OF  
LIVINGSTON PARISH**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2017

**Parochial Employees' Retirement System of Louisiana:**

*Changes in Actuarial Assumptions*

Amounts reported in fiscal year ended December 31, 2015 for Parochial Employees' Retirement System of Louisiana (PERS) reflect an adjustment in the discount rate used to measure the total pension liability. The discount rate for PERS was reduced by .25% to 7.00% as of the valuation date December 31, 2015. Other changes are as follows:

Change in Assumptions:

Valuation Date	December 31, 2015	December 31, 2014
Inflation Rate	2.50%	3.00%
Projected Salary Increase	5.25% (2.50% Inflation, 2.75% Merit)	5.75% (3.00% Inflation, 2.75% Merit)

*Changes of Assumptions*

There were no changes of benefit assumptions for the year ended December 31, 2016.

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

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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  
Recreation District No. 3 of Livingston Parish  
Denham Springs, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Recreation District No. 3 of Livingston Parish, (the District) a component unit of the Livingston Parish Council, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 11, 2018.

**Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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; however, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

*Hannu J. Bourgeois, CPA*

Denham Springs, Louisiana  
June 11, 2018

**RECREATION DISTRICT NO. 3 OF  
LIVINGSTON PARISH**

**SCHEDULE OF FINDINGS AND RESPONSES**

FOR THE YEAR ENDED DECEMBER 31, 2017

**Internal Control Over Financial Reporting**

None

**Compliance and Other Matters**

None

**RECREATION DISTRICT NO. 3 OF  
LIVINGSTON PARISH**

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**

FOR THE YEAR ENDED DECEMBER 31, 2017

**Internal Control Over Financial Reporting**

None

**Compliance and Other Matters**

None

**RECREATION DISTRICT NO. 3**  
**OF LIVINGSTON PARISH**

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

**DECEMBER 31, 2017**



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Independent Accountant's Report  
on Applying Agreed-Upon Procedures

To the Board of Commissioners  
Recreation District No. 3 of Livingston Parish  
Denham Springs, Louisiana

We have performed the procedures enumerated below, which were agreed to by the Recreation District No. 3 of Livingston Parish, State of Louisiana, "the District," a component unit of the Livingston Parish Council, and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2017 through December 31, 2017. The District's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

***Written Policies and Procedures***

---

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
  - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget. – **No Exceptions.**
  - 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.

**Exception** - The District does have policies and procedures on purchasing but they do not specifically address how vendors are added to the vendor list.

c) *Disbursements*, including processing, reviewing, and approving. – **No Exceptions.**

d) *Receipts*, including receiving, recording, and preparing deposits.

**Exception** - The District does have written policies and procedures on receiving receipts, but they do not specifically address how receipts are recorded or deposits prepared.

e) *Payroll/Personnel*, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked. – **No Exceptions.**

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

**Exception** - The District does have written policies and procedures on purchasing and on disbursements but they do not specifically address contracting.

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, and (5) monitoring card usage. – **No Exceptions.**

h) *Travel and expense reimbursement*, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers. – **No Exceptions.**

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 entity's ethics policy.

**Exception** – The District does have written policies and procedures but policies do not appear to address all the prohibitions as defined in Louisiana Revised Statute 42:1111-1121. Also the policies do not appear to address a system to monitor possible ethics violations. The District's policies do require employees to take the annual ethics training but they do not appear to require all employees to annually attest through signature verification that they have read the entity's ethics policy.

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

**Exception** – The District does not have written policies and procedures specifically related to debt service.

***Board (or Finance Committee, if applicable)***

---

2. Obtain and review the board/committee minutes for the fiscal period, and:

a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document. – **No Exceptions.**

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis). – **No Exceptions.**
  - (1) If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan. – **No deficit spending during the fiscal period.**
- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period. – **No Exceptions.**

### ***Bank Reconciliations***

---

- 3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete. – **No Exceptions.**
- 4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:
  - a) Bank reconciliations have been prepared. - **No Exceptions.**
  - b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and  
  
**Exception** – We noted that one month did not have evidence of management's review noted on the bank reconciliation.
  - c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period. – **No Exceptions.**

### ***Collections***

---

- 5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete. – **No Exceptions.**
- 6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. **For each cash collection location selected:**

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

**Exception** – The District does not bond each person responsible for collection cash.

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

**Exception** – The District does have processes to reconcile collections but they are not formal written procedures.

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- (1) Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location. – **No Exceptions.**

- (2) Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions. – **No Exceptions.**

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and 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) by a person who is not responsible for collections.

**Exception** - The District does have procedures to determine the completeness of collections but they are not formal written procedures.

**Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)**

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management’s representation that the listing or general ledger population is complete. – **No Exceptions.**

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:
- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system. – **No Exceptions.**
  - b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase. – **No Exceptions.**
  - c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice. – **No Exceptions.**
10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

**Exception** - The District does have policies and procedures on purchasing and disbursement but they do not have written policies and procedures that specifically address how vendors are added to the vendor list. The Administrative Assistant is responsible for adding vendors to the vendor list and for preparing and issuing checks. However, all checks issued require the approval of the Superintendent, and require two signatures. Also, the Administrative Treasurer reviews all checks issued monthly and presents a transaction report of checks issued to the Board for their review and approval.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

**Exception** – The Superintendent, Assistant Superintendent, and Administrative Assistant are authorized check signers and can initiate and/or approve transactions. Also, the Administrative Assistant processes and records payment transactions. However, all checks require two signatures and all authorized check signers physically sign checks. Also, the Administrative Treasurer reviews all checks issued monthly and presents a transaction report of checks issued to the Board for their review and approval.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

**Exception** – The Administrative Assistant processes and records payment transactions, is an authorized check signer, and has access to unused checks. However, all checks require two signatures and all authorized check signers physically sign checks. Also, the Administrative Treasurer reviews all checks issued monthly and presents a transaction report of checks issued to the Board for their review and approval.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any Exceptions. – **A signature stamp and/or signature machine is not used.**

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

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14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), 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. – **No Exceptions.**
15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. – **No Exceptions.**
- b) Report whether finance charges and/or late fees were assessed on the selected statements. – **No Exceptions.**
16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).
- a) For each transaction, report whether the transaction is supported by:
- (1) An original itemized receipt (i.e., identifies precisely what was purchased) – **No Exceptions.**
  - (2) Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating. – **No Exceptions**
  - (3) Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

**Exception** – On several credit card transactions tested, it appears that purchase orders were created and approved after the purchase transaction date. In discussions with management, the transactions were approved prior to initiating the purchases and the documentation of the approval occurred afterwards. The payment of the transactions were approved.

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any Exceptions. – **No Exceptions.**
- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any Exceptions. (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception. – **No Exceptions.**

### ***Travel and Expense Reimbursement***

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- 17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete. – **No Exceptions.**
- 18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)) and report any amounts that exceed GSA rates. – **No Exceptions.**
- 19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:
  - a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates. – **No Exceptions.**
  - b) Report whether each expense is supported by:
    - (1) An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.] – **No Exceptions.**
    - (2) Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating). – **No Exceptions.**
    - (3) Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance).
  - c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any Exceptions. (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception. – **No Exceptions.**

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement. – **No Exceptions.**

### ***Contracts***

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20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete. – **No Exceptions.**
21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

**Exception** – There were two noted exceptions. For one of the exceptions, the District had a copy of the proposal for the services but a formal contract was not signed. For the other item, the District had a copy of the original annual service contract signed several years ago but had not obtained a current contract.

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

(1) If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder) **The District complied with the legal requirements of the Louisiana Public Bid Law.**

(2) If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice. – **No Exceptions.**

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment. – **No Exceptions.**
- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract. – **No Exceptions.**
- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter). – **No Exceptions.**

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

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22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

**Exception** – Three part-time employees’ files did not contain supporting documentation in the file of their authorized hourly rate.

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy. – **See exception noted above at 22.a.**

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.) – **No Exceptions.**

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

**Exception** – Two instructors’ attendance reports were not signed by a supervisor indicating approval of the hours worked.

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave. – **No Exceptions.**

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management’s representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management. – **No Exceptions.**

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

**Exception** – The District made all their applicable tax deposits and no late notices or penalties were noted. However, from the supporting documentation that the District had on quarterly 941 tax reports, we could not ascertain the date the reports were filed.

*Ethics (excluding nonprofits)*

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26. Using the five randomly selected employees/officials from procedure #22 under “Payroll and Personnel” above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed. – **No Exceptions.**
27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management’s actions complied with the entity’s ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy. **No alleged ethics violations or allegations received.**

*Debt Service (excluding nonprofits)*

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28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained. – **No new debt was issued during the fiscal period.**
29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants. **The District made scheduled debt service payments. Debt reserves are maintained by the Livingston Parish Council.**
30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off. – **No Exceptions.**

*Other*

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31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled. – **None noted.**
32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at [www.la.gov/hotline](http://www.la.gov/hotline)) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds. – **Notice posted on premises and on website.**
33. If the practitioner observes or otherwise identifies any exceptions regarding management’s representations in the procedures above, report the nature of each exception. – **No Exceptions.**

## **Management's Response/Corrective Action to Exceptions**

The District's responses to the exceptions identified in our performance of the SAUPs are attached. The District's responses were not subjected to any procedures applied in the SAUPs and, accordingly, we express no opinion or any assurance on them.

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

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

Respectfully submitted,

*Harris J. Bourgeois, CPA*

Denham Springs, Louisiana  
June 11, 2018

LIVINGSTON PARISH RECREATION DISTRICT 3  
P.O. BOX 1281  
DENHAM SPRINGS, LOUISIANA 70727

6-11-18

Livingston Parish Recreation District 3  
RESPONSE to 2017 Financial Audit AUP findings: 2017  
(10 categories, 69 areas)

The District hereby agrees to refine current procedures or implement written procedures regarding the below noted AUP findings:

1. Written Policies and Procedures:

Item 1 (b) **Purchasing** The District will update the policies to include more detail procedures for purchasing.

Item 1 (d) **Receipts** The District will update the policies to address how receipts are recorded and deposits prepared.

Item 1 (f) **Contracting** The District will update the policies to address contracting.

Item 1 (i) **Ethics** The District will consider updates to the policies to include ethics. Additionally, the District will have employees attest through signature annually that they have read the District's ethics policy.

Item 1 (j) **Debt Service** The District will update the policies to include debt service.

2. Board – Finance Committee

No exceptions, no comments.

### 3. Bank Reconciliation

Item (b) The District will ensure that the bank reconciliations will be reviewed and approved by a member of management or a board member going forward.

### 4. Collections

#### Item 6 (a) **Bonding employees with collection duties**

The District will consider bonding or acquiring insurance coverage to cover all persons responsible for the collection of cash.

#### Item 6 (b) **Collection reconciliation written procedures**

The District will update the policies to include its procedures for reconciling collections.

#### Item 7 **Collection completeness written procedures**

The District will update the policies to include its procedures to determine the completeness of collections.

### 5. Disbursements-General

#### Item 10 **Addition of approved vendors**

The District will update the policies to address how vendors are added to the vendor list.

#### Item 11 **Segregation of duties initiating, approving, recording purchases**

The District will review the policies on segregation of duties for initiating, approving, and recording of purchases.

#### Item 12 **Unused check access and accountability**

The District will review the policies on segregation of duties.

### 6. Credit Cards

#### Item 16 **Purchase Orders after purchase transaction date**

The District will review their procedures on purchase order for credit card purchases.

### 7. Travel and Expense Reimbursement

No exceptions, no comments

8. Contracts

Item 21 (a) **Service vendors with no contract on file**

The District will require formal written contracts in the future.

9. Payroll and Personnel

Item 22 (a) **Part time employee rate of pay documentation**

The District will implement a new procedure to require all employees to annually sign a sheet that reports their old rate and their new pay rate due to a step increase.

Item 23 (b) **Attendance report approval signature**

The District will require the reviewing and approving of attendance reports by all supervisors

Item 25 **Payment of payroll taxes documentation**

The District will maintain on file a signed and dated copy of the quarterly Form 941 reports going forward.

10. Ethics violations

No exceptions, no comments

11. Debt Service No exceptions, no comments

11. Other No exceptions, no comments

Jimmy Purvis, Chairman Livingston Parish Recreation District 3

