

Financial Report

Terrebonne Parish Recreation District No. 5
Bourg, Louisiana

December 31, 2019

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Terrebonne Parish Recreation District No. 5

December 31, 2019

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners,
Terrebonne Parish Recreation District No. 5,
Bourg, Louisiana.

We have audited the accompanying financial statements of the governmental activities and the General Fund of Terrebonne Parish Recreation District No. 5, State of Louisiana (the "District"), a component unit of Terrebonne Parish Consolidated Government, State of Louisiana, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 financial position of the governmental activities and the General Fund of Terrebonne Parish Recreation District No. 5 as of December 31, 2019, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 2, 2020 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Bougeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
June 2, 2020.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Terrebonne Parish Recreation District No. 5

December 31, 2019

Management's Discussion and Analysis of the Terrebonne Parish Recreation District No. 5's (the "District") financial performance presents a narrative overview and analysis of the District's financial activities for the year ended December 31, 2019. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The District's assets exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2019 by \$2,256,176 (net position), which represents a 9.02% increase from last fiscal year.

The District's revenue increased \$165,184 (or 57.25%) primarily due to increases in ad valorem tax collections.

The District's expenses increased \$33,660 (or 14.42%) primarily due to an increase in culture and recreation expenditures.

The District did not have a deficit fund balance.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private sector business. The Statement of Net Position presents information on all of the District's assets, liabilities and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Government-wide Financial Statements (Continued)

The Statement of Activities presents information showing how the District's net position changed during each fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. The governmental activity of the District is culture and recreation.

Fund Financial Statements

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

Governmental Funds

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

The District maintains three governmental funds. Information is presented for the General Fund Debt Service Fund and Capital Projects Fund in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. The District adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. The governmental fund financial statements can be found on pages 10 through 16 of this report.

Notes to the Financial Statements

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. As of December 31, 2019, assets exceeded liabilities and deferred inflows of resources by \$2,256,176. A large portion of the District's net position (45.92%) reflects its investment in capital assets (e.g., land, construction in progress, buildings and improvements, and machinery and equipment). Consequently, these assets are not available for future spending.

Condensed Statements of Net Position

	<u>December 31,</u>		<u>Dollar</u>	<u>Total</u>
	<u>2019</u>	<u>2018</u>	<u>Change</u>	<u>Percent</u>
				<u>Change</u>
Current and other assets	\$ 2,024,212	\$ 2,483,088	\$(458,876)	-18.48%
Capital assets	<u>3,097,442</u>	<u>2,306,931</u>	<u>790,511</u>	34.27%
Total assets	<u>5,121,654</u>	<u>4,790,019</u>	<u>331,635</u>	6.92%
Current and other liabilities	287,603	210,238	77,365	36.80%
Long-term obligations	2,061,477	2,068,068	(6,591)	-0.32%
Deferred inflows of resources	<u>516,098</u>	<u>442,118</u>	<u>73,980</u>	16.73%
Total liabilities and deferred inflows of resources	<u>2,865,178</u>	<u>2,720,424</u>	<u>144,754</u>	5.32%
Net position:				
Net investment in capital assets	1,035,965	1,093,426	(57,461)	-5.26%
Restricted	83,443	557,440	(473,997)	-85.03%
Unrestricted	<u>1,136,768</u>	<u>418,729</u>	<u>718,039</u>	171.48%
Total net assets	<u>\$ 2,256,176</u>	<u>\$ 2,069,595</u>	<u>\$ 186,581</u>	9.02%

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

Governmental activities increased the District's net position by \$186,581. Key elements of this increase are as follows:

Condensed Statements of Activities

	<u>December 31,</u>		<u>Dollar</u>	<u>Total</u>
	<u>2019</u>	<u>2018</u>	<u>Change</u>	<u>Percent</u>
				<u>Change</u>
Revenues:				
Ad valorem taxes	\$ 426,570	\$ 264,488	\$162,082	61.28%
Intergovernmental	17,592	17,757	(165)	-0.93%
Miscellaneous	9,570	6,303	3,267	51.83%
	<u>453,732</u>	<u>288,548</u>	<u>165,184</u>	<u>57.25%</u>
Expenses:				
General government	583	12,713	(12,130)	-95.41%
Culture and recreation	196,824	120,234	76,590	63.70%
Debt service	69,744	100,544	(30,800)	-30.63%
	<u>267,151</u>	<u>233,491</u>	<u>33,660</u>	<u>14.42%</u>
Increase in net position	186,581	55,057	131,524	238.89%
Net position beginning of year	<u>2,069,595</u>	<u>2,014,538</u>	<u>55,057</u>	<u>2.73%</u>
Net position end of year	<u>\$2,256,176</u>	<u>\$2,069,595</u>	<u>\$186,581</u>	<u>9.02%</u>

In 2019, the District's ad valorem tax revenue increased due to additional ad valorem tax revenue awarded to the District in order to cover debt incurred from the issuance of General Obligation Bonds, Series 2018 in the prior year. The increase in culture and recreation expenses is due to increased salaries and wages, supplies and materials, other services and charges, and repairs in maintenance expenditures in the current year.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND

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

Governmental Funds

The focus of the District's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the District's General Fund's ending fund balance is \$1,158,595, which is a decrease of \$141,657 (10.89%) in comparison with the prior year.

General Fund Budgetary Highlights

The budget was amended once during the year. The primary reason for amending the budget was to prevent compliance violations under state law. The major differences between the original General Fund budget and the final amended budget were as follows:

Expenditures

- Personal services decreased by \$24,247 to better reflect the expenditures incurred by the District.
- Supplies and materials increased by \$8,722 to better reflect the expenditures incurred by the District.
- Repairs and maintenance decreased by \$13,177 to better reflect the expenditures incurred by the District.
- Capital outlay, increased by \$124,208 to account for work completed on the Sports Complex project.

During the year, budgetary estimates of revenues and expenditures exceeded actual revenues and expenditures.

CAPITAL ASSETS AND LONG-TERM OBLIGATIONS

Capital Assets

The District's net investment in capital assets for its governmental activities as of December 31, 2019, amounts to \$3,097,442 (net of accumulated depreciation). This investment in capital assets includes land, construction-in-progress, buildings and improvements, and machinery and equipment.

CAPITAL ASSETS AND LONG-TERM OBLIGATIONS (Continued)**Capital Assets (Continued)**

	<u>2019</u>	<u>2018</u>
Land	\$ 210,694	\$ 210,694
Construction in process	2,100,501	1,634,903
Buildings and improvements	1,211,821	867,824
Machinery and equipment	<u>245,515</u>	<u>229,201</u>
Totals	<u>\$3,768,531</u>	<u>\$2,942,622</u>

Major capital asset expenditures during the current fiscal year are a result of construction on the Bourg Sports Complex and ball fields.

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

Long-term Obligations

As of December 31, 2019, the District had \$2,061,477 in long-term obligations. This includes the District's obligations of \$2,000,000 for bonds payable and \$61,477 of unamortized bond premium. More detailed information about the District's bonds payable is presented in Note 7 of this report.

The District's bonds have an "AA" rating from Standard and Poor's Rating Service.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

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

- The ad valorem tax revenue budgeted represents the estimated amount of the November 2019 assessment, which the District will receive, for the most part, in January 2020.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Board of Directors of Terrebonne Parish Recreation District No. 5, 118 Retreat Drive, Bourg, LA 70343.

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

Terrebonne Parish Recreation District No. 5

December 31, 2019

	General Fund	Debt Service Fund	Capital Projects Fund	Totals	Adjustments (Exhibit B)	Statement of Net Position
Assets						
Cash	\$ 1,262,093	\$ 97,655	\$ 38,190	\$ 1,397,938	\$ -	\$ 1,397,938
Investments	145,343	-	-	145,343	-	145,343
Receivables - taxes	97,775	56,443	-	154,218	-	154,218
Prepaid insurance	-	-	-	-	3,365	3,365
Due from other funds	-	-	224,221	224,221	(224,221)	-
Due from other governmental units	211,320	111,728	-	323,048	-	323,048
Capital assets:						
Non-depreciable	-	-	-	-	2,311,195	2,311,195
Depreciable, net of accumulated depreciation	-	-	-	-	786,247	786,247
Total assets	\$ 1,716,531	\$ 265,826	\$ 262,411	\$ 2,244,768	2,876,586	5,121,354
Liabilities and Deferred Inflows of Resources						
Accounts payable and accrued expenditures	\$ -	\$ -	\$ 262,411	\$ 262,411	\$ 25,192	\$ 287,603
Due to other funds	224,221	-	-	224,221	(224,221)	-
Long term obligations:						
Due within one year	-	-	-	-	80,000	80,000
Due after one year	-	-	-	-	1,981,477	1,981,477
Total liabilities	224,221	-	262,411	486,632	1,862,448	2,349,080
Deferred inflows of resources:						
Unavailable revenue	333,715	182,383	-	516,098	-	516,098
Total liabilities and deferred inflows of resources	557,936	182,383	262,411	1,002,730	1,862,448	2,865,178
Fund Balance/Net Position						
Fund balance:						
Restricted - debt service	-	83,443	-	83,443	(83,443)	-
Restricted - capital projects	-	-	-	-	-	-
Unassigned	1,158,595	-	-	1,158,595	(1,158,595)	-
Total fund balance	1,158,595	83,443	-	1,242,038	(1,242,038)	-
Total liabilities and fund balance	\$ 1,716,531	\$ 265,826	\$ 262,411	\$ 2,244,768		
Net position:						
Net investment in capital assets					1,035,965	1,035,965
Restricted						
Debt service					83,443	83,443
Unrestricted					1,136,768	1,136,768
Total net position					\$ 2,256,176	\$ 2,256,176

See notes to financial statements.

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

Terrebonne Parish Recreation District No. 5

December 31, 2019

Fund Balances - Governmental Fund	\$ 1,242,038
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.

Governmental capital assets	\$ 3,768,531	
Less accumulated depreciation	<u>(671,089)</u>	3,097,442

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

Prepaid insurance		3,365
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.

Bonds payable	(2,000,000)	
Bond premium	(61,477)	
Accrued interest expense	<u>(25,192)</u>	<u>(2,086,669)</u>

Net Position of Governmental Activities	<u><u>\$ 2,256,176</u></u>
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See notes to financial statements.

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

Terrebonne Parish Recreation District No. 5

For the year ended December 31, 2019

	General Fund	Debt Service Fund	Capital Projects Fund	Totals	Adjustments (Exhibit D)	Statement of Activities
Revenues						
Taxes	\$ 270,448	\$156,122	\$ -	\$ 426,570	\$ -	\$ 426,570
Intergovernmental:						
State of Louisiana:						
State revenue sharing	17,592	-	-	17,592	-	17,592
Miscellaneous:						
Interest	5,742	1,283	-	7,025	-	7,025
Other	2,545	-	-	2,545	-	2,545
Total revenues	<u>296,327</u>	<u>157,405</u>	<u>-</u>	<u>453,732</u>	<u>-</u>	<u>453,732</u>
Expenditures/Expenses						
Current:						
General government:						
Ad valorem tax adjustments	(5,814)	(3,803)	-	(9,617)	-	(9,617)
Ad valorem tax deductions	9,320	880	-	10,200	-	10,200
Total general government	<u>3,506</u>	<u>(2,923)</u>	<u>-</u>	<u>583</u>	<u>-</u>	<u>583</u>
Culture and recreation:						
Personal services	78,942	-	-	78,942	-	78,942
Supplies and materials	15,012	-	-	15,012	-	15,012
Other services and charges	38,643	-	-	38,643	73	38,716
Repairs and maintenance	28,756	-	-	28,756	-	28,756
Depreciation	-	-	-	-	35,398	35,398
Total culture and recreation	<u>161,353</u>	<u>-</u>	<u>-</u>	<u>161,353</u>	<u>35,471</u>	<u>196,824</u>
Debt service:						
Interest and fiscal charges	-	105,833	-	105,833	(36,589)	69,244
Bond agent fees	-	500	-	500	-	500
Total debt service	<u>-</u>	<u>106,333</u>	<u>-</u>	<u>106,333</u>	<u>(36,589)</u>	<u>69,744</u>
Capital outlay	43,914	-	781,995	825,909	(825,909)	-
Total expenditures/expenses	<u>208,773</u>	<u>103,410</u>	<u>781,995</u>	<u>1,094,178</u>	<u>(827,027)</u>	<u>267,151</u>

**Exhibit C
(Continued)**

	General Fund	Debt Service Fund	Capital Projects Fund	Totals	Adjustments (Exhibit D)	Statement of Activities
Excess (Deficiency) of Revenues Over Expenditures	87,554	53,995	(781,995)	(640,446)	827,027	186,581
Other Financing Sources (Uses)						
Transfers in	-	4,656	224,555	229,211	(229,211)	-
Transfers out	(229,211)	-	-	(229,211)	229,211	-
Total other financing sources (uses)	(229,211)	4,656	224,555	-	-	-
Excess of Revenues and Other Financing Sources (Uses) Over Expenditures	(141,657)	58,651	(557,440)	(640,446)	640,446	-
Change in Net Position	-	-	-	-	186,581	186,581
Fund Balance/Net Position						
Beginning of year	1,300,252	24,792	557,440	1,882,484	187,111	2,069,595
End of year	<u>\$1,158,595</u>	<u>\$ 83,443</u>	<u>\$ -</u>	<u>\$1,242,038</u>	<u>\$1,014,138</u>	<u>\$2,256,176</u>

See notes to financial statements.

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

Terrebonne Parish Recreation District No. 5

For the year ended December 31, 2019

Net Change in Fund Balance - Governmental Fund \$(640,446)

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

Governmental funds report capital outlays as expenditures.
However, in the Statement of Activities the cost of those
assets is allocated over their estimated useful lives and
reported as depreciation expense.

Capital outlay	\$ 825,909	
Depreciation expense	<u>(35,398)</u>	790,511

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

Decrease in prepaid insurance		(73)
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Governmental funds report increases in long-term liabilities
as revenues or other sources of resources in the Statement
of Activities. Those activities are reported as liabilities.

Amortization of bond premium	6,591	
Decrease in accrued interest payable	<u>29,998</u>	<u>36,589</u>

Change in Net Position of Governmental Activities \$ 186,581

See notes to financial statements.

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

Terrebonne Parish Recreation District No. 5

For the year ended December 31, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 269,000	\$ 380,530	\$ 270,448	\$ (110,082)
Intergovernmental:				
State of Louisiana:				
State revenue sharing	18,000	17,593	17,592	(1)
Miscellaneous:				
Interest	2,100	4,164	5,742	1,578
Other	-	-	2,545	2,545
	<u>289,100</u>	<u>402,287</u>	<u>296,327</u>	<u>(105,960)</u>
Total revenues				
Expenditures				
Current:				
General government:				
Ad valorem tax adjustment	-	-	(5,814)	5,814
Ad valorem tax deductions	-	-	9,320	(9,320)
	<u>-</u>	<u>-</u>	<u>3,506</u>	<u>(3,506)</u>
Total general government				
Culture and recreation:				
Personal services	106,050	81,803	78,942	2,861
Supplies and materials	5,500	14,222	15,012	(790)
Other services and charges	33,200	33,549	38,643	(5,094)
Repairs and maintenance	20,000	6,823	28,756	(21,933)
	<u>164,750</u>	<u>136,397</u>	<u>161,353</u>	<u>(24,956)</u>
Total culture and recreation				
Capital outlay	<u>75,000</u>	<u>199,208</u>	<u>43,914</u>	<u>155,294</u>
Total expenditures	<u>239,750</u>	<u>335,605</u>	<u>208,773</u>	<u>126,832</u>

**Exhibit E
(Continued)**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Other Financing Sources (Uses)				
Transfers Out	-	-	(229,211)	(229,211)
Excess of Revenues and Other Financing Sources (Uses) Over Expenditures	49,350	66,682	(141,657)	(208,339)
Fund Balance				
Beginning of year	1,187,147	1,300,252	1,300,252	-
End of year	<u>\$ 1,236,497</u>	<u>\$ 1,366,934</u>	<u>\$ 1,158,595</u>	<u>\$ (208,339)</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**Terrebonne Parish Recreation District No. 5**

December 31, 2019

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Terrebonne Parish Recreation District No. 5 (the "District") conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of significant accounting policies:

a) Reporting Entity

The District is a component unit of the Terrebonne Parish Consolidated Government (the "Parish") and as such, these financial statements will be included in the comprehensive annual financial report (CAFR) of the Parish for the year ended December 31, 2019.

GASB Statement 4, *"The Financial Reporting Entity"*, and GASB Statement 39, *"Determining Whether Certain Organizations Are Component Units-an amendment of GASB"* Statement 14 and GASB Statement 61, *"The Financial Reporting Entity: Omnibus and Amendment of GASB Statement 14 and 34"* established the criterion for determining which component units should be considered part of the District for financial reporting purposes. The basic criteria are as follows:

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Reporting Entity (Continued)

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

b) Basis of Presentation

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

Government-wide Financial Statements:

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

Fund Financial Statements:

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

General Fund - The General Fund is the general operating fund of the District. It is used to account for and report all financial resources not accounted for and reported in another fund.

Debt Service Fund - The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

Capital Projects Fund - The Capital Projects Fund accounts for debt proceeds that are legally restricted to expenditures for improvements or maintenance of facilities and equipment used for park and recreation purposes.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Government-wide Financial Statements:

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

Fund Financial Statements:

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

Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Ad valorem taxes and the related state revenue sharing (intergovernmental revenue) are recognized as revenue in the period for which levied, thus the 2019 property taxes which are being levied to finance the 2020 budget will be recognized as revenue in 2020. The 2019 tax levy is recorded as unavailable revenue in the District's 2019 financial statements. Charges for services are recorded when earned since they are measurable and available. Miscellaneous revenues are recorded as revenues when received in cash by the District because they are generally not measurable until actually received.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Measurement Focus and Basis of Accounting (Continued)

Fund Financial Statements: (Continued)

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on general long-term debt which is recognized when due. Allocations of cost such as depreciation are not recognized in the governmental funds.

d) Use of Estimates

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

e) Operating Budgetary Data

As required by the Louisiana Revised Statutes 39:1303, the Board of Commissioners (the "Board") adopted a budget for the District's General Fund. The budgetary practices include public notice of the proposed budget, public inspection of the proposed budget, and a public hearing on the budget prior to adoption, when budgeted expenditures exceed \$500,000. Any amendment involving the transfer of monies from one function to another or increases in expenditures must be approved by the Board. The District amended its budget once during the year.

All budgeted amounts that are not expended, or obligated through contracts, lapse at year-end.

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

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

f) Accounts Receivable

The financial statements for the District contain no allowance for uncollectible accounts. Uncollectible amounts due for ad valorem taxes and other receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or operations of the funds.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Investments

Investments consist of certificates of deposit which are stated at cost and approximate market value.

h) Prepaid insurance

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

i) Capital Assets

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

Government-wide Financial Statements:

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets purchased or acquired with an original cost of \$250 or more are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation.

Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

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

Buildings and improvements	20 - 40 years
Machinery and equipment	5 - 20 years

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Capital Assets (Continued)

Fund Financial Statements:

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

j) Long-Term Debt

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

Government-wide Financial Statements:

All long-term obligations to be repaid from governmental resources is reported as liabilities in the government-wide statements. The long-term obligations consist of bonds payable and bond premium. In these financial statements bond premium is deferred and amortized over the life of the bonds using the effective interest method. Bond payable are reported including the applicable premium. Bond issuance costs are recognized as expenses in the period incurred.

Fund Financial Statements:

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payments of principal and interest reported as expenditures.

k) Deferred Inflows of Resources

In addition to liabilities, the Statement of Net Position and Governmental Funds Balance Sheet report a separate section for deferred inflows of resources, which represent acquisition of net position that applies to future periods and so will not be recognized as revenues until that time. The District reports deferred inflows of resources in the financial statements when resources associated with imposed non-exchange revenue transaction are received or reported as a receivable before (a) the period for which property taxes are levied or (b) the period when resources are required to be used or when use is first permitted for all other imposed non-exchange revenues in which the enabling legislation includes time requirements.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l) Vacation and Sick Leave

The District has no written vacation and sick leave policy in place. There is no accumulated unpaid vacation and sick leave as of December 31, 2019.

m) Fund Equity

Government-wide Statements:

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

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets, if any.
- b. Restricted net position - Consists of assets and deferred outflow of resources less liabilities and deferred inflow of resources (net position) with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Financial Statements:

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

- a. Non-spendable - amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to maintain intact.
- b. Restricted - amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m) Fund Equity (Continued)

Fund Financial Statements: (Continued)

- c. Committed - amounts that can be used only for specific purposes determined by a formal action of the District's Board of Commissioners. Commitments may be established, modified, or rescinded only through resolutions and actions approved by the District's Board of Commissioners.
- d. Assigned - amounts that do not meet the criteria to be classified as either restricted or committed but are intended to be used for specific purposes. Amounts may be assigned by a majority vote of the Board of Commissioners.
- e. Unassigned - all other spendable amounts.

For the classification of governmental fund balances, the District considers an expenditure to be made from the most restrictive first when more than one classification is available. The District's fund balance was classified as restricted and unassigned as of December 31, 2019. The balance of restricted fund balance relates to ad valorem tax proceeds restricted to debt service.

n) New GASB Statements

During the year ending December 31, 2019, the District implemented the following GASB Statements:

Statement No. 83, "*Certain Asset Retirement Obligations*" addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources. This Statement did not affect the District's financial statements.

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n) New GASB Statements (Continued)

Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. This Statement did not affect the District's financial statements.

Statement No. 88, "*Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*" improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. The Statement clarifies which liabilities governments should include when disclosing information related to debt. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. This Statement did not affect the District's financial statements.

Statement No. 89, "*Accounting for Interest Cost Incurred before the End of a Construction Period*" establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5 through 22 of Statement No. 62, "*Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA*", which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. For the year ended December 31, 2019, the District did not capitalize interest on construction in progress.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n) New GASB Statements (Continued)

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

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

Statement No. 87, "*Leases*" increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged. Management has not yet determined the effect of this Statement on the financial statements.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n) New GASB Statements (Continued)

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

Statement No. 92, "*Omnibus 2020*" establishes accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance related activities of public entity risk pools, fair value measurements, and derivative instruments. The requirements of this Statement apply to all financial statements of all state and local governments at dates varying from upon issuance to fiscal periods beginning after June 15, 2021.

Statement No. 93, "*Replacement of Interbank Offered Rates*" some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR) most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. Statement No. 53, "*Accounting and Financial Reporting for Derivative Instruments*", as amended, requires a government to terminate hedge accounting when it renegotiates or amends a critical term of a hedging derivative instrument, such as the reference rate of a hedging derivative instrument's variable payment. In addition, in accordance with Statement No. 87, "*Leases*", as amended, replacement of the rate on which variable payments depend in a lease contract would require a government to apply the provisions for lease modifications, including remeasurement of the lease liability or lease receivable.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n) New GASB Statements (Continued)

The exceptions to the existing provisions for hedge accounting termination and lease modifications in this Statement will reduce the cost of the accounting and financial reporting ramifications of replacing IBORs with other reference rates. The reliability and relevance of reported information will be maintained by requiring that agreements that effectively maintain an existing hedging arrangement continue to be accounted for in the same manner as before the replacement of a reference rate. As a result, this Statement will preserve the consistency and comparability of reporting hedging derivative instruments and leases after governments amend or replace agreements to replace an IBOR. The requirements of this Statement will apply to reporting periods beginning after June 15, 2021. Management has yet to determine the effect of this Statement.

Statement No. 94, "*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*", improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the "transferor") contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for years beginning after June 15, 2020. Management has yet to determine the effect on this Statement on the financial statements.

Statement No. 95, "Postponement for the Effective Dates of Certain Authoritative Guidance" provides temporary relief to governments and other stakeholders in light of the Coronavirus (COVID-19) pandemic. That objective is accomplished by postponing the effective dates of certain Statements and Implementation Guides to those dates reported above.

Note 2 - DEPOSITS

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

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

The year-end balances of deposits as of December 31, 2019 are as follows:

	Bank Balances	Reported Amount
Cash	\$1,408,013	\$1,397,938
Investments - certificates of deposit	145,343	145,343
	\$1,553,356	\$1,543,281

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has a written policy for custodial credit risk, which requires compliance with state law. As of December 31, 2019, \$1,303,356 of the District's bank balance of \$1,553,356 was exposed to custodial credit risk. These deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, and are deemed to be held in the District's name by state statutes.

As of December 31, 2019, cash in excess of FDIC insurance were adequately collateralized in accordance with state law, by securities held by unaffiliated banks for the account of the District. The Governmental Accounting Standards Board, which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities subject to custodial credit risk. Even though the pledged securities are considered subject to custodial credit risk under the provisions of GASB Statement 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

Note 3 - PROPERTY TAXES

Property taxes are levied each November 1 on the assessed value listed as of the prior January 1 for all real property, merchandise and movable property located in the Parish. Assessed values are established by the Terrebonne Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A reevaluation of all property is required to be completed no less than every four years. The last reevaluation was completed for the list of January 1, 2016. A special reassessment was completed for the list of January 1, 2019. Taxes are due and payable December 31 with interest being charged on payments after January 1. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which the taxes have not been paid are sold for the amount of the taxes. The tax rate for the year ended December 31, 2019 was \$11.00 per \$1,000 of assessed valuation on property within Terrebonne Parish Recreation District No. 5 for the purpose of maintaining and operating recreational facilities within the District and \$6.35 per \$1,000 of assessed valuation on property within Terrebonne Parish for the purpose of purchasing, acquiring, construction and improving parks, playgrounds, recreation centers and other recreational facilities, together with the necessary furnishings and equipment. As indicated in Note 1c, taxes levied November 1, 2019 are for budgeted expenditures in 2020 and will be recognized as revenues in 2020. The 2019 tax assessment, less deductions for the assessor's retirement, has been reported as unavailable revenues in the December 31, 2019 balance sheet.

Note 4 - DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units as of December 31, 2019 consisted of the following:

	General Fund	Debt Service Fund	Total
State of Louisiana - State revenue sharing	\$ 11,851	\$ -	\$ 11,851
Terrebonne Parish Tax Collector - December, 2019 collections remitted to the District in January, 2020:			
Ad valorem taxes	193,544	111,728	305,272
State revenue sharing	5,925	-	5,925
Totals	\$ 211,320	\$ 111,728	\$ 323,048

Note 5 - CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019 was as follows:

	Balance January 1, 2019	Additions	Deletions	Balance December 31, 2019
Capital assets not being depreciated:				
Construction in process	\$ 1,634,903	\$ 743,855	\$ (278,257)	\$ 2,100,501
Land	210,694	-	-	210,694
Total capital assets not being depreciated	<u>1,845,597</u>	<u>743,855</u>	<u>(278,257)</u>	<u>2,311,195</u>
Capital assets being depreciated:				
Buildings and improvements	867,824	343,997	-	1,211,821
Machinery and equipment	229,201	16,314	-	245,515
Total capital assets being depreciated	<u>1,097,025</u>	<u>360,311</u>	<u>-</u>	<u>1,457,336</u>
Less accumulated depreciation for:				
Buildings and improvements	(491,902)	(25,012)	-	(516,914)
Machinery and equipment	(143,789)	(10,386)	-	(154,175)
Total accumulated depreciation	<u>(635,691)</u>	<u>(35,398)</u>	<u>-</u>	<u>(671,089)</u>
Total capital assets being depreciated, net	<u>461,334</u>	<u>324,913</u>	<u>-</u>	<u>786,247</u>
Total capital assets, net	<u>\$ 2,306,931</u>	<u>\$ 1,068,768</u>	<u>\$ (278,257)</u>	<u>\$ 3,097,442</u>

Construction in progress as of December 31, 2019 consists of the construction of the Bourg Sport Complex and ball fields.

The District has an active construction contract in progress as of December 31, 2019. At year end the District's commitment with contractors is as follows:

Project	Spent to Date	Remaining Commitment
Governmental Type Activities:		
Ball Field Lighting	<u>\$ 554,228</u>	<u>\$ 393,772</u>

Note 6 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenditures as of December 31, 2019 consisted of the following:

	Governmental Funds	Adjustments	Totals
Vendors	\$ 262,411	\$ -	\$ 262,411
Accrued interest	-	25,192	25,192
Totals	\$ 262,411	\$ 25,192	\$ 287,603

Note 7 - LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term debt for the year ended December 31, 2019:

	Payable January 1, 2019	Obligations Retired	New Issues	Payable December 31, 2019	Due Within One Year
Bonds Series 2018	\$ 2,000,000	\$ -	\$ -	\$ 2,000,000	\$80,000
Bond Premium	68,068	6,591	-	61,477	-
Totals	\$ 2,068,068	\$ 6,591	\$ -	\$ 2,061,477	\$80,000

As of December 31, 2019, the District had General Obligation Bonds, series 2018, totaling \$2,000,000 bearing interest rates ranging from 3.00% to 5.00%. The bonds are payable from the annual levy and collection of unlimited ad valorem taxes on all the taxable property within the boundaries of the District sufficient to pay the principal and interest of the bonds as they mature. Ad valorem tax return recognized during the year ended December 31, 2019 amounted to \$426,570. The bonds have a maturity date of March 1, 2038 with principal due March 1st and interest due March 1st and September 1st of each year.

Note 7 - LONG-TERM OBLIGATIONS (Continued)

Annual debt service requirements through maturity for the bonds as of December 31, 2019 is as follows:

Year Ending December 31,	Principal	Interest
2020	\$ 80,000	\$ 74,600
2021	80,000	71,400
2022	85,000	67,675
2023	85,000	63,425
2024	90,000	59,050
2025 - 2029	480,000	226,250
2030 - 2034	570,000	132,150
2035 - 2038	530,000	35,875
Totals	\$ 2,000,000	\$ 730,425

Note 8 - RISK MANAGEMENT

The District is exposed to various risks of loss related to workers' compensation; torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance and also participates in the Parish's risk management program for general liability and workers' compensation. No settlements were made during the year that exceeded the District's insurance coverage. The District's premiums for general liability are based on various factors such as operations and maintenance budget, exposure and claims experience. The premiums for workers' compensation are based on a fixed percentage of payroll. The Parish handles all claims in excess of the Parish's insurance contracts as described below:

Policy	Coverage Limits
General Liability	\$10,000,000
Workers' Compensation	Statutory

Note 8 - RISK MANAGEMENT (Continued)

Coverage for general liability claims in excess of the above stated limits are to be funded first by assets of the Parish's risk management internal service fund, \$3,523,651 as of December 31, 2018, then secondly by the District. Workers' compensation claims in excess of \$550,000 are covered under an insurance contract for claims aggregate up to limits are to be funded first by assets of the Parish's workers' compensation internal service fund. As of December 31, 2019, the District had no claims in excess of the above coverage limits. Expenditures for premiums to the Parish for insurance coverages during the year ended December 31, 2019 totaled \$5,974.

Note 9 - COMPENSATION OF BOARD MEMBERS

The following amounts were paid to Board Members for the year ended December 31, 2019:

Board Members	Number of Meetings Attended	Per Diem
Gerald Arceneaux	10	\$ 250
Travis Carrell	9	225
James Franks	9	225
Kurt Charpentier	7	175
Serina Lirette	6	150
Brock Verdin	6	150
Bert LeBoeuf, Jr.	6	150
Total		\$ 1,325

Note 10 - SUBSEQUENT EVENTS

Management evaluates events occurring subsequent to the date of financial statements in determining the accounting for and disclosure of transactions and events that effect the financial statements. Subsequent events have been evaluated through June 2, 2020, which is the date the financial statements were available to be issued.

The recent global outbreak of the Coronavirus (COVID-19) has raised concerns regarding business and the financial markets have recently experienced significant volatility. While the District has been immediately impacted by the adverse conditions in the financial markets, the long term impact on the District's operations is uncertain at this time.

SUPPLEMENTARY INFORMATION

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

Terrebonne Parish Recreation District No. 5

For the year ended December 31, 2019

Agency Head Name: Kathleen Brunet, Supervisor

Purpose

Salary	\$9,600
Benefits - insurance	-
Benefits - retirement	-
Benefits - other	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Meals	-
	<hr/>
	<u>\$9,600</u>

Note:

Kathleen Brunet is the supervisor of the District and functions as the Chief Executive Officer.

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Commissioners,
Terrebonne Parish Recreation District No. 5,
Bourg, 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 General Fund of Terrebonne Parish Recreation District No. 5 (the "District") as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's financial statements and have issued our report thereon dated June 2, 2020.

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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2019-001, 2019-002, and 2019-003 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompany schedule of findings and questioned costs items 2019-002 and 2019-003.

District's Response to Findings

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

Purpose of this Report

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

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
June 2, 2020.

SCHEDULE OF FINDINGS AND RESPONSES

Terrebonne Parish Recreation District No. 5

For the year ended December 31, 2019

Section I - Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes X No
 - Significant deficiency(ies) identified that are not considered to be a material weakness? X Yes None reported
- Noncompliance material to consolidated financial statements noted? X Yes No

b) Federal Awards

Terrebonne Parish Recreation District No. 5 did not expend federal awards in excess of \$750,000 during the year ended December 31, 2019 and therefore is exempt from the audit requirements under the *Uniform Guidance*.

Section II - Financial Statement Findings

Internal Control and Compliance

2019-001 Policies and Procedures

Criteria - Best practices dictate that formal/written policies and procedures are necessary as a clear understanding of what should be done, how it should be done, who should do it, and when it should be done and ensure the policies and procedures followed meet management's expectation.

Condition - The Legislative Auditor in its Statewide Agreed-Upon Procedure engagements has indicated that governmental entities across the state adopt a set of formal written policies and procedures. To date the District has not adopted these policies and procedures.

Section II - Financial Statement Findings (Continued)

Internal Control and Compliance (Continued)

2019-001 Policies and Procedures (Continued)

Effect - There may not be a clear understanding of task to be done.

Cause - In prior years, the Board has felt that activities were small enough that the District could operate without written policies and procedures.

Content - Systematic.

Auditor's Recommendation - We recommend the District adopt policies and procedures and ensure they are being followed. These policies and procedures should be approved by management and/or the Board and should be in place for the full year. The Louisiana Legislative Auditor provides some guidance through their publications of best practices, which can be found on their website (<https://www.la.la.gov/audit-resources/best-practices/index.shtml>).

The District's written policies and procedures should address each of the following financial/business functions as applicable:

- a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
- b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
- c) **Disbursements**, including processing, reviewing, and approving.
- d) **Receipts**, including receiving, recording, and preparing deposits.
- e) **Payroll/Personnel**, including (1) payroll processing; and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) **Contracting**, including (1) types of services requiring written contracts; (2) standard terms and conditions; (3) legal review; (4) approval process; and (5) monitoring process.

Section II - Financial Statement Findings (Continued)

Internal Control and Compliance (Continued)

2019-001 Policies and Procedures (Continued)

- 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.
- h) *Travel and expense reimbursement*, including (1) allowable expenses; (2) dollar thresholds by category of expense; (3) documentation requirements; and (4) required approvers.
- i) *Ethics*, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) *Debt Service*, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) *Disaster Recovery/Business Continuity*, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

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

2019-002 Public Bid Law

Criteria - Local governmental entities are required to adhere to Louisiana Public Bid Law for the procurement of materials and supplies if the cost is over the contract limit of \$30,000, unless an exception exists (R.S. 38:2211)

Condition - The District did not advertise and receive bids for the purchase of scoreboards for the new ballfields.

Section II - Financial Statement Findings (Continued)

Internal Control and Compliance (Continued)

2019-002 Public Bid Law (Continued)

Effect - The District may not have received the best possible price when using public funds for the procurement of the scoreboards.

Cause - The Public Bid Law for the procurement of materials was not followed by the District.

Content - Systematic.

Auditor's Recommendation - We recommend the District adhere to the requirements provided in the Louisiana Public Bid Law for the obtaining of material and supplies.

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

2019-003 Compliance with State Budget Laws

Criteria - Louisiana Revised Statute 39:1311 requires that the chief executive or administrative officer advise the governing authority when actual revenue is less than budgeted revenue by more than 5%.

Condition - Actual revenue was less than budgeted revenue by more than 5%.

Effect - The District was not in compliance with Louisiana Revised Statute 39:1311.

Cause - The District's budget was not amended to reflect a decrease in revenue.

Content - Systematic.

Auditor's Recommendation - We recommend the District comply with the State budget laws by amending its budget to ensure that actual revenue does not create an unfavorable variance as compared to budgeted revenue by greater than 5%.

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

Section III - Federal Award Findings and Questioned Costs

Not applicable.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

Terrebonne Parish Recreation District No. 5

For the year ended December 31, 2018

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

Internal Control and Compliance

2018-001 Local Government Budget Act

Auditor's Recommendation - We recommend the District ensure that budget policies and procedures are adequate and are being followed. We recommend the District adopt, advertise, and publish original, amended and final budgets. We recommend the District advertise and publish the proposed budget for 2019.

Management's Response - Resolved. Budgets for 2018 and 2019 will be advertised and published in the official journal (The Courier).

2018-002 Public Notices

Auditor's Recommendation - We recommend the District publish minutes for April and October 2018 in the official journal and continue to publish minutes immediately after adoption by the Board.

Management's Response - Resolved. The District will publish minutes in the official journal (The Courier).

2018-003 Policies and Procedures

Auditor's Recommendation - We recommend the District adopt policies and procedures and ensure they are being followed. These policies and procedures should be approved by management and/or the Board and should be in place for the full year. The Louisiana Legislative Auditor provides some guidance through their publications of best practices, which can be found on their website (<https://www.la.gov/audit-resources/best-practices/index.shtml>).

Management's Response - Unresolved. The District will compose and adopt the policies listed above. See **2019-001**.

Section II - Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Recreation District No. 5 did not expend federal awards in excess of \$750,000 during the year ended December 31, 2018 and therefore is exempt from the audit requirements under the *Uniform Guidance*.

Section III - Management Letter

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

MANAGEMENT'S CORRECTIVE ACTION PLAN

Terrebonne Parish Recreation District No. 5

For the year ended December 31, 2019

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

Internal Control and Compliance

2019-001 Policies and Procedures

Auditor's Recommendation - We recommend the District adopt policies and procedures and ensure they are being followed. These policies and procedures should be approved by management and/or the Board and should be in place for the full year. The Louisiana Legislative Auditor provides some guidance through their publications of best practices, which can be found on their website (www.la.gov/audit-resources/best-practices/index.shtml).

Management's Response - The District will draft and adopt the mentioned policies.

2019-002 Public Bid Law

Auditor's Recommendation - We recommend the District adhere to the requirements provided in the Louisiana Public Bid Law for the obtaining of material and supplies.

Management's Response - The District will follow Louisiana Public Bid Law requirements when making future purchases of supplies and materials.

2019-003 Compliance with State Budget Laws

Auditor's Recommendation - We recommend that the District comply with the State budget laws by amending its budget to ensure that actual revenue does not create an unfavorable variance as compared to budgeted revenue by greater than 5%.

Management's Response - The District will amend its budget to ensure actual revenue does not create an unfavorable variance as compared to budgeted revenue by greater than 5% in order to comply with Louisiana Revised Statute 39:1311.

Section II - Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Recreation District No. 5 did not expend federal awards in excess of \$750,000 during the year ended December 31, 2019 and therefore is exempt from the audit requirements under the *Uniform Guidance*.

Section III - Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 2019.

Financial Report

*Terrebonne Parish Recreation District No. 5
Bourg, Louisiana*

December 31, 2019

