

*Financial Report*

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

*December 31, 2021*

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December 31, 2021

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**FINANCIAL SECTION**

## **INDEPENDENT AUDITOR'S REPORT**

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

### **Opinion**

We have audited the accompanying financial statements of the governmental activities and governmental funds of Terrebonne Parish Recreation District No. 5 (the "District"), a component unit of the Terrebonne Parish Consolidated Government, State of Louisiana, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

### **Basis for Opinion**

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

### **Responsibilities of Management for the Financial Statements**

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

### **Required Supplementary Information**

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

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

### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information on page 37 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 22, 2022 on our consideration of Terrebonne Parish Recreation District No. 5's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Certified Public Accountants.

Houma, Louisiana,  
June 22, 2022.



## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **Terrebonne Parish Recreation District No. 5**

December 31, 2021

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, 2021. 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 2021 by \$2,827,991 (net position), which represents a 17.24% increase from last fiscal year.

The District's revenue increased \$321,334 (or 59.70%) primarily due to the receipt of insurance proceeds and increases in ad valorem tax collections.

The District's expenses increased \$61,335 (or 16.04%) 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 are 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 11 through 17 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, 2021, assets exceeded liabilities and deferred inflows of resources by \$2,827,991. A large portion of the District's net position (55.37%) 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>Change</u>	<u>Total</u> <u>Percent</u> <u>Change</u>
	<u>2021</u>	<u>2020</u>		
Current and other assets	\$ 2,074,943	\$ 1,611,622	\$ 463,321	28.75%
Capital assets	3,454,706	3,448,965	5,741	0.17%
Total assets	<u>5,529,649</u>	<u>5,060,587</u>	<u>469,062</u>	9.27%
Current and other liabilities	58,352	73,994	(15,642)	-21.14%
Long-term liabilities	1,888,951	1,975,085	(86,134)	-4.36%
Deferred inflows of resources	<u>754,355</u>	<u>599,424</u>	<u>154,931</u>	25.85%
Total liabilities and deferred inflows of resources	<u>2,701,658</u>	<u>2,648,503</u>	<u>53,155</u>	2.01%
Net position:				
Net investment in capital assets	1,565,755	1,473,880	91,875	6.23%
Restricted	188,299	108,369	79,930	73.76%
Unrestricted	<u>1,073,937</u>	<u>829,835</u>	<u>244,102</u>	29.42%
Total net position	<u>\$ 2,827,991</u>	<u>\$ 2,412,084</u>	<u>\$ 415,907</u>	17.24%

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

Governmental activities increased the District's net position by \$415,907, key elements of this increase are as follows:

**Condensed Statements of Activities**

	<u>December 31,</u>		<u>Dollar</u>	<u>Total</u>
	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>Percent</u>
				<u>Change</u>
<b>Revenues:</b>				
Ad valorem taxes	\$ 661,466	\$ 515,972	\$ 145,494	28.20%
Intergovernmental	19,572	17,776	1,796	10.10%
Miscellaneous	178,584	4,540	174,044	3833.57%
	<u>859,622</u>	<u>538,288</u>	<u>321,334</u>	<u>59.70%</u>
<b>Expenses:</b>				
General government	20,711	23,307	(2,596)	-11.14%
Culture and recreation	358,796	290,723	68,073	23.42%
Debt service	64,208	68,350	(4,142)	-6.06%
	<u>443,715</u>	<u>382,380</u>	<u>61,335</u>	<u>16.04%</u>
Increase in net position	415,907	155,908	259,999	166.76%
Net position beginning of year	<u>2,412,084</u>	<u>2,256,176</u>	<u>155,908</u>	<u>6.91%</u>
Net position end of year	<u>\$2,827,991</u>	<u>\$2,412,084</u>	<u>\$ 415,907</u>	<u>17.24%</u>

In 2021, the District's ad valorem tax revenue increased \$145,494 or 28.20% primarily due to revaluation of property within the District. Miscellaneous revenues increased \$174,044 due to impairment gains resulting from insurance proceeds exceeding the net book value of property impaired. Culture and recreation expenses increased by \$68,073 or 23.42% primarily due to increases in insurance and depreciation expense brought on by use of the Bourg Sports Complex 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 governmental funds' ending fund balance is \$1,275,973 which is an increase of \$317,000 (33.06%) in comparison with the prior year. The increase was primarily due to the receipt of insurance proceeds from Hurricane Ida damages without corresponding repairs and capital expenditures. In addition, the Debt Service Fund had ad valorem tax collections approximately \$80,000 in excess of principal and interest expenditures. Ending fund balance for the governmental funds includes \$188,299 restricted for debt service, \$7,735 assigned for next year's General Fund budget deficit and \$1,087,674 unassigned in the General Fund.

### **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:

#### **Revenues**

Ad valorem taxes were increased \$109,913 to recognize the increase ad valorem tax collected during the year ended December 31, 2021.

#### **Expenditures**

- Personal services decreased by \$14,744 to better reflect decreased activities following Hurricane Ida.
- Supplies and materials increased by \$9,060 to better reflect the expenditures expected to be incurred by the District resulting from Hurricane Ida.
- Other services and charges were increased \$11,128 to recognize increased costs of insurance and utilities.
- Repairs and maintenance increased by \$104,434 to better reflect the expenditures incurred by the District to restore the facilities following Hurricane Ida.

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

**CAPITAL ASSETS AND LONG-TERM OBLIGATIONS****Capital Assets**

The District's net investment in capital assets for its governmental activities as of December 31, 2021, amounts to \$3,454,706 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment.

	<u>2021</u>	<u>2020</u>
Land	\$ 210,694	\$ 210,694
Construction in process	131,190	-
Buildings and improvements	3,692,963	3,734,421
Machinery and equipment	<u>254,741</u>	<u>257,897</u>
Totals	<u>\$4,289,588</u>	<u>\$4,203,012</u>

Major capital asset expenditures during the current fiscal year are completion of roofing following Hurricane Ida, which was preceded by a reroofing project. The District has received \$225,154 of insurance proceeds for its gymnasium which incurred significant Hurricane Ida damages to the exterior and interior of the building. The District also began construction of a storage facility during the year ended December 31, 2021.

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, 2021, the District had \$1,888,951 in long-term obligations. This includes the District's obligations of \$1,840,000 for bonds payable and \$48,951 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 2021 assessment, which the District will receive, for the most part, in January 2022.
- The cultural and recreation expenditures are projected to return to levels incurred when the District was operating the Bourg Sports Complex year-round.
- The District has projected an increase in repair costs over last year's actual repair expenditures as a result of restoration and renovation costs following Hurricane Ida.
- Capital expenditures are not included in next year's budget pending the District securing current financing.

**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, 2021

	Governmental Funds			Totals	Adjustments (Exhibit B)	Statement of Net Position
	General Fund	Debt Service Fund	Capital Projects Fund			
<b>Assets</b>						
Cash and cash equivalents	\$ 974,635	\$ 188,299	\$ -	\$ 1,162,934	\$ -	\$ 1,162,934
Investments	148,315	-	-	148,315	-	148,315
Receivables:						
Taxes	460,496	265,832	-	726,328	-	726,328
Due from other governmental units	24,933	3,094	-	28,027	-	28,027
Prepaid insurance	-	-	-	-	9,339	9,339
Capital assets:						
Non-depreciable	-	-	-	-	341,884	341,884
Depreciable, net of accumulated depreciation	-	-	-	-	3,112,822	3,112,822
Total assets	<u>\$ 1,608,379</u>	<u>\$ 457,225</u>	<u>\$ -</u>	<u>\$ 2,065,604</u>	<u>3,464,045</u>	<u>5,529,649</u>
<b>Liabilities and Deferred Inflows of Resources</b>						
Accounts payable and accrued expenditures	\$ 35,276	\$ -	\$ -	\$ 35,276	23,076	58,352
Long term obligations:						
Due within one year	-	-	-	-	90,897	90,897
Due after one year	-	-	-	-	1,798,054	1,798,054
Total liabilities	<u>35,276</u>	<u>-</u>	<u>-</u>	<u>35,276</u>	<u>1,912,027</u>	<u>1,947,303</u>
Deferred inflows of resources:						
Unavailable revenue	485,429	268,926	-	754,355	-	754,355
Total liabilities and deferred inflows of resources	<u>520,705</u>	<u>268,926</u>	<u>-</u>	<u>789,631</u>	<u>1,912,027</u>	<u>2,701,658</u>
<b>Fund Balance/Net Position</b>						
Fund balance:						
Restricted - debt service	-	188,299	-	188,299	(188,299)	-
Assigned-subsequent year's expenditures	7,735	-	-	7,735	(7,735)	-
Unassigned	1,079,939	-	-	1,079,939	(1,079,939)	-
Total fund balance	<u>1,087,674</u>	<u>188,299</u>	<u>-</u>	<u>1,275,973</u>	<u>(1,275,973)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 1,608,379</u>	<u>\$ 457,225</u>	<u>\$ -</u>	<u>\$ 2,065,604</u>		
Net position:						
Net investment in capital assets					1,565,755	1,565,755
Restricted:						
Debt service					188,299	188,299
Unrestricted					1,073,937	1,073,937
Total net position					<u>\$ 2,827,991</u>	<u>\$ 2,827,991</u>

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, 2021

<b>Fund Balances - Governmental Fund</b>		<b>\$ 1,275,973</b>
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	\$ 4,289,588	
Less accumulated depreciation	<u>(834,882)</u>	3,454,706
Other assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Prepaid insurance		9,339
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Bonds payable	(1,840,000)	
Bond premium	(48,951)	
Accrued interest expense	<u>(23,076)</u>	<u>(1,912,027)</u>
<b>Net Position of Governmental Activities</b>		<b><u><u>\$ 2,827,991</u></u></b>

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, 2021

	Governmental Funds			Totals	Adjustments (Exhibit D)	Statement of Activities
	General Fund	Debt Service Fund	Capital Projects Fund			
<b>Revenues</b>						
Taxes	\$ 422,782	\$ 238,684	\$ -	\$ 661,466	\$ -	\$ 661,466
Intergovernmental:						
State of Louisiana:						
State revenue sharing	19,572	-	-	19,572	-	19,572
Miscellaneous:						
Interest	1,647	221	1	1,869	-	1,869
Impairment gain (loss)	-	-	-	-	172,770	172,770
Other	3,445	-	500	3,945	-	3,945
Total revenues	<u>447,446</u>	<u>238,905</u>	<u>501</u>	<u>686,852</u>	<u>172,770</u>	<u>859,622</u>
<b>Expenditures/Expenses</b>						
Current:						
General government:						
Ad valorem tax adjustments	-	-	-	-	-	-
Ad valorem tax deductions	13,131	7,580	-	20,711	-	20,711
Total general government	<u>13,131</u>	<u>7,580</u>	<u>-</u>	<u>20,711</u>	<u>-</u>	<u>20,711</u>
Culture and recreation:						
Personal services	98,716	-	-	98,716	-	98,716
Supplies and materials	37,961	-	-	37,961	-	37,961
Other services and charges	59,489	-	-	59,489	(5,974)	53,515
Repairs and maintenance	40,587	-	-	40,587	-	40,587
Depreciation	-	-	-	-	128,017	128,017
Total culture and recreation	<u>236,753</u>	<u>-</u>	<u>-</u>	<u>236,753</u>	<u>122,043</u>	<u>358,796</u>
Debt service:						
Bond principal payments	-	80,000	-	80,000	(80,000)	-
Interest and fiscal charges	-	71,400	-	71,400	(7,192)	64,208
Total debt service	<u>-</u>	<u>151,400</u>	<u>-</u>	<u>151,400</u>	<u>(87,192)</u>	<u>64,208</u>
Capital outlay	2,444	-	183,698	186,142	(186,142)	-
Total expenditures/expenses	<u>252,328</u>	<u>158,980</u>	<u>183,698</u>	<u>595,006</u>	<u>(151,291)</u>	<u>443,715</u>

**Exhibit C  
(Continued)**

	Governmental Funds			Totals	Adjustments (Exhibit D)	Statement of Activities
	General Fund	Debt Service Fund	Capital Projects Fund			
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	195,118	79,925	(183,197)	91,846	324,061	415,907
<b>Other Financing Sources (Uses)</b>						
Insurance proceeds	225,154	-	-	225,154	(225,154)	-
Transfers in	-	5	-	5	(5)	-
Transfers out	(4)	-	(1)	(5)	5	-
Total other financing sources (uses)	225,150	5	(1)	225,154	(225,154)	-
<b>Excess of Revenues and Other Financing Sources (Uses) Over Expenditures</b>	420,268	79,930	(183,198)	317,000	(317,000)	-
<b>Change in Net Position</b>	-	-	-	-	415,907	415,907
<b>Fund Balance/Net Position</b>						
Beginning of year	667,406	108,369	183,198	958,973	1,453,111	2,412,084
End of year	<u>\$ 1,087,674</u>	<u>\$ 188,299</u>	<u>\$ -</u>	<u>\$ 1,275,973</u>	<u>\$ 1,552,018</u>	<u>\$ 2,827,991</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, 2021

<b>Net Change in Fund Balance - Governmental Fund</b>	<b>\$ 317,000</b>
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	\$ 186,142
Depreciation expense	<u>(128,017)</u> 58,125
The net effect of miscellaneous transactions involving capital assets, such as impairments, dispositions and donations is to decrease capital assets	(52,384)
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds, the transaction, however, has no effect on net position.	80,000
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.	
Increase in prepaid insurance	5,974
Governmental funds report decreases in long-term liabilities as expenditures or other uses of resources in the Statement of Governmental Revenues, Expenditures and Changes in Fund Balance. Those activities are reported as changes in liabilities in the Statement of Activities.	
Amortization of bond premium	6,134
Decrease in accrued interest payable	<u>1,058</u> 7,192
<b>Change in Net Position of Governmental Activities</b>	<b><u><u>\$ 415,907</u></u></b>

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, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		<u>(Unfavorable)</u>
<b>Revenues</b>				
Taxes	\$ 300,000	\$ 409,913	\$ 422,782	\$ 12,869
Intergovernmental:				
State of Louisiana:				
State revenue sharing	18,000	19,572	19,572	-
Miscellaneous:				
Interest	2,750	649	1,647	998
Other	500	3,471	3,445	(26)
Total revenues	<u>321,250</u>	<u>433,605</u>	<u>447,446</u>	<u>13,841</u>
<b>Expenditures</b>				
Current:				
General government:				
Ad valorem tax adjustment	3,586	3,586	-	3,586
Ad valorem tax deductions	10,500	11,191	13,131	(1,940)
Total general government	<u>14,086</u>	<u>14,777</u>	<u>13,131</u>	<u>1,646</u>
Culture and recreation:				
Personal services	108,350	93,606	98,716	(5,110)
Supplies and materials	60,000	69,060	37,961	31,099
Other services and charges	33,500	44,628	59,489	(14,861)
Repairs and maintenance	50,000	154,434	40,587	113,847
Total culture and recreation	<u>251,850</u>	<u>361,728</u>	<u>236,753</u>	<u>124,975</u>

**Exhibit E  
(Continued)**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Expenditures (Continued)</b>				
Capital outlay	-	-	2,444	(2,444)
Total expenditures	265,936	376,505	252,328	124,177
<b>Other Financing Sources (Uses)</b>				
Insurance proceeds	-	225,154	225,154	-
Transfers out	(200,000)	(84,878)	(4)	84,874
Total other financing sources (uses)	(200,000)	140,276	225,150	84,874
<b>Excess of Revenues and Other Financing Sources (Uses) Over Expenditures</b>				
	(144,686)	(27,778)	420,268	448,046
<b>Fund Balance</b>				
Beginning of year	1,366,934	667,406	667,406	-
End of year	<u>\$ 1,222,248</u>	<u>\$ 639,628</u>	<u>\$ 1,087,674</u>	<u>\$ 448,046</u>

See notes to financial statements.

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

December 31, 2021

**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, 2021.

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 2021 property taxes which are being levied to finance the 2022 budget will be recognized as revenue in 2022. The 2021 tax levy is recorded as deferred inflows of resources (unavailable revenue) in the District's 2021 financial statements. Charges for services are recorded when earned since they are measurable and available. Miscellaneous revenues are recorded as revenues when received in cash by the District because they are generally not measurable until actually received.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. 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.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**d) Use of Estimates**

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

**e) Operating Budgetary Data**

As required by the Louisiana Revised Statutes 39:1303, the Board of Commissioners (the "Board") adopted a budget for the District's General Fund. The budgetary practices include public notice of the proposed budget, public inspection of the proposed budget, and a public hearing on the budget prior to adoption, 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.

**g) Investments**

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

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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

**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.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**j) Long-Term Debt (Continued)**

**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 payables 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.

**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, 2021.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**m) 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.
- 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.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**m) Equity (Continued)**

**Fund Financial Statements (Continued)**

- 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, assigned and unassigned as of December 31, 2021. The balance of restricted fund balance relates to ad valorem tax proceeds restricted to debt service.

**n) New GASB Statements**

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

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

Statement No. 90, "*Majority Equity Interest*" the primary objectives of this Statement are to improve the consistency and comparability of reporting government's majority equity interest in legally separate organization and to improve the relevance of financial statement information for certain component units. It specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**n) New GASB Statements (Continued)**

investment. A majority equity interest that meets the definition of an investment should be measured using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as component unit. This Statement did not affect the financial statements.

Statement No. 98, *"The Annual Comprehensive Financial Report"* establishes the term annual comprehensive financial report and its acronym ACFR. The new term and acronym replaces instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. This Statement developed in response to concerns raised by stakeholders that the common pronunciation of the acronym sounds like a profoundly objectionable racial slur. This Statement did not affect the 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, 2021. 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. Management has not yet determined the effect of this Statement on the financial statements.

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



**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**n) New GASB Statements (Continued)**

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 the years beginning after June 15, 2022. Management has yet to determine the effect of this Statement on the financial statements.

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

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**n) New GASB Statements (Continued)**

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

**Note 2 - DEPOSITS AND INVESTMENTS**

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

**Bank Deposits**

State law requires that deposits (cash and certificates of deposit) of all political subdivisions to be fully collateralized at all times. Acceptable collateralization includes 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.

**Note 2 - DEPOSITS AND INVESTMENTS (Continued)**

The year-end balances of deposits as of December 31, 2021 are as follows:

	Bank Balances	Reported Amount
Cash	\$ 1,169,059	\$ 1,162,934
Certificates of deposit	148,315	148,315
	\$ 1,317,374	\$ 1,311,249

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, 2021, \$817,374 of the District's bank balance of \$1,317,374 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 by state statute are deemed to be held in the District's name.

As of December 31, 2021, cash and certificates of deposit in excess of FDIC insurance were collateralized, by securities held by unaffiliated banks for the account of the District. GASB, which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities subject to custodial credit risk. Even though the deposits 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, 2020. 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

**Note 3 - PROPERTY TAXES (Continued)**

ended December 31, 2021 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, 2021 are for budgeted expenditures in 2022 and will be recognized as revenues in 2022. The 2021 tax assessment, less deductions for the assessor's retirement, has been reported as unavailable revenues in the December 31, 2021 balance sheet.

**Note 4 - DUE FROM OTHER GOVERNMENTAL UNITS**

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

	General Fund	Debt Service Fund	Totals
State of Louisiana - State revenue sharing	\$ 13,049	\$ -	\$ 13,049
Terrebonne Parish Tax Collector - December, 2020 collections remitted to the District in January, 2021:			
Ad valorem taxes	5,360	3,094	8,454
State revenue sharing	6,524	-	6,524
Totals	\$ 24,933	\$ 3,094	\$ 28,027

**Note 5 - CHANGES IN CAPITAL ASSETS**

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

	Balance January 1, 2021	Additions	Deletions	Balance December 31, 2021
Capital assets not being depreciated:				
Construction in process	\$ -	\$ 131,190	\$ -	\$ 131,190
Land	210,694	-	-	210,694
Total capital assets not being depreciated	210,694	131,190	-	341,884
Capital assets being depreciated:				
Buildings and improvements	3,734,421	54,952	(96,410)	3,692,963
Machinery and equipment	257,897	-	(3,156)	254,741
Total capital assets being depreciated	3,992,318	54,952	(99,566)	3,947,704
Less accumulated depreciation for:				
Buildings and improvements	(586,926)	(115,247)	44,026	(658,147)
Machinery and equipment	(167,121)	(12,770)	3,156	(176,735)
Total accumulated depreciation	(754,047)	(128,017)	47,182	(834,882)
Total capital assets being depreciated, net	3,238,271	(73,065)	(52,384)	3,112,822
Total capital assets, net	\$ 3,448,965	\$ 58,125	\$ (52,384)	\$ 3,454,706

The District's depreciation amounting to \$128,017 was recorded as cultural and recreational expenses for the year ended December 31, 2021.

**Note 5 - CHANGES IN CAPITAL ASSETS (Continued)**

**Impairments and Insurance Proceeds**

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

Impaired capital assets that will no longer be used by the District will be reported at the lower of carrying value or fair value. The District has incurred roof, soffit damage and interior damages and it lost extensive service utility. Accordingly, the District's gymnasium has been impaired for its remaining book value. Improvements, such as pavilions, aluminum awnings and outdoor coverings, have been impaired. Outdoor and ballfield lights and poles require repair work to be redirected. The District received insurance recoveries for its impaired gymnasium and improvements.

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

<u>Culture and Recreation</u>	<u>Insurance Proceeds</u>	<u>Costs</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Impairment Gain</u>
Buildings	\$225,154	\$96,410	\$(44,026)	\$52,384	\$172,770
Improvements other than building	-	-	-	-	-
Office furniture, fixtures, and equipment	-	3,156	(3,156)	-	-
	<u>\$225,154</u>	<u>\$99,566</u>	<u>\$(47,182)</u>	<u>\$52,384</u>	<u>\$172,770</u>

**Note 6 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES**

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

	Governmental Funds	Adjustments	Totals
Vendors	\$35,276	\$ -	\$35,276
Accrued interest	-	23,076	23,076
Totals	\$35,276	\$23,076	\$58,352

**Note 7 - LONG-TERM OBLIGATIONS**

The following is a summary of changes in long-term debt of the District for the year ended December 31, 2021:

	Payable January 1, 2021	Obligations Retired	New Issues	Payable December 31, 2021	Due Within One Year
Bonds Series 2018	\$1,920,000	\$80,000	\$ -	\$ 1,840,000	\$85,000
Bond premium	55,085	6,134	-	48,951	5,897
Totals	\$1,975,085	\$86,134	\$ -	\$ 1,888,951	\$90,897

As of December 31, 2021, the District had General Obligation Bonds, series 2018, totaling \$1,840,000 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 revenue recognized during the year ended December 31, 2021 amounted to \$661,466. The bonds have a maturity date of March 1, 2038, with principal due March 1<sup>st</sup> and interest due March 1<sup>st</sup> and September 1<sup>st</sup> of each year.

**Note 7 - LONG-TERM DEBT (Continued)**

Annual debt service requirements through maturity for the bonds as of December 31, 2021 is as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 85,000	\$ 67,675
2023	85,000	63,425
2024	90,000	59,050
2025	90,000	54,550
2026	95,000	49,925
2027 - 2031	510,000	185,000
2032 - 2036	610,000	95,519
2037 - 2038	275,000	9,181
Totals	<u>\$ 1,840,000</u>	<u>\$584,325</u>

**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:

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

Expenditures for premiums to the Parish for insurance coverages during the year ended December 31, 2021 totaled \$10,304.

**Note 9 - COMPENSATION OF BOARD MEMBERS**

The following amounts were paid to Board Members for the year ended December 31, 2021:

<u>Board Members</u>	<u>Number of Meetings Attended</u>	<u>Per Diem</u>
Gerald Arceneaux	9	\$ 225
James Franks	8	200
Troy Domangue	1	25
Alton Billiot, Jr.	9	225
Kurt Charpentier	6	150
Sarina Lirette	5	125
Brock Verdin	8	200
Total		\$1,150

**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 22, 2022, which is the date the financial statements were available to be issued.

**SUPPLEMENTARY INFORMATION**

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

**Terrebonne Parish Recreation District No. 5**

For the year ended December 31, 2021

**Agency Head Name:** Blane Champagne, Field Supervisor

**Purpose**

Salary	\$ 45,000
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/>
	<b>\$ 45,000</b>
	<hr/>

Note:

Blane Champagne 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 governmental funds of Terrebonne Parish Recreation District No. 5 (the "District") as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's financial statements and have issued our report thereon dated June 22, 2022.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting ("internal control") as a basis for designing 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 Responses as items 2021-001 and 2021-002 that we consider to be material weaknesses.

### **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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2021-002.

### **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 22, 2022.

**SCHEDULE OF FINDINGS AND RESPONSES**

**Terrebonne Parish Recreation District No. 5**

For the year ended December 31, 2021

**Section I - Summary of Auditor's Results**

a) Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

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

Noncompliance material to consolidated financial statements noted?  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, 2021 and therefore is exempt from the audit requirements under the *Uniform Guidance*.

**Section II - Financial Statement Findings**

**Internal Control Over Financial Reporting and Compliance and Other Matters**

**2021-001 Policies and Procedures**

**Criteria** - The Louisiana Governmental Audit Guide (RS 24.513) provides for minimum requirements of governmental accounting systems. One such requirement is that the system should be supported by formal/written policies and procedures are necessary to provide a consistent, uniform approach to accumulating financial information.

**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 Over Financial Reporting and Compliance and Other Matters (Continued)

#### 2020-001 Policies and Procedures (Continued)

**Effect** - There may not be a clear understanding of tasks 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 [www.la.gov/audit-resources/best-practices/index.shtml](http://www.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 Over Financial Reporting and Compliance and Other Matters (Continued)

#### 2021-001 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.
- l) *Sexual Harassment*, including R.S.42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

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

## Section II - Financial Statement Findings (Continued)

### Internal Control Over Financial Reporting and Compliance and Other Matters (Continued)

#### 2021-002 Time, Attendance, and Leave Records

**Criteria** - Another requirement of the Louisiana Governmental Audit Guide is that the governmental accounting system must be capable of being audited in a simple manner.

**Condition** - The District collects employee payroll information, including hours worked by means of electronic devices without printing and retaining such critical payroll information.

**Effect** - Without proper time, attendance, and leave records the District lacks an audit trail of payroll transactions. Lacking documentation of time and attendance could create disallowed costs for grant compliance purposes.

**Cause** - Critical payroll data is being forwarded from the employees and supervisor to the Secretary/Treasurer for periodic payroll input by way of text messaging without a printed copy of the transmissions.

**Content** - Systematic.

**Auditor's Recommendation** - We recommend the District require all time, attendance and leave transactions to be printed and contain evidence of supervisor's review. The payroll documentation should be maintained as part of the District's financial accounting records.

**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, 2021

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

##### **Internal Control Over Financial Reporting and Compliance and Other Matters**

###### **2020-001 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](http://www.la.gov/audit-resources/best-practices/index.shtml).

**Management's Response - Unresolved.** The District will compose and adopt best practices policies and procedures. See **2021-001**.

###### **2020-002 Compliance with Public Notice**

**Auditor's Recommendation** - We recommend that the District publish minutes for January, February, and June 2020 in the official journal and continue to publish minutes immediately after adoption by the Board.

**Management's Response - Resolved.** The District published all minutes in the official journal.

#### **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, 2020 and therefore is exempt from the audit requirements under the *Uniform Guidance*.

#### **Section III - Management Letter**

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

# **MANAGEMENT'S CORRECTIVE ACTION PLAN**

## **Terrebonne Parish Recreation District No. 5**

For the year ended December 31, 2021

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

#### **Internal Control Over Financial Reporting and Compliance and Other Matters**

##### **2021-001 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.lla.la.gov/audit-resources/best-practices/index.shtml](http://www.lla.la.gov/audit-resources/best-practices/index.shtml).

**Management's Response** - The District will compose and adopt best practice policies and procedures.

##### **2021-002 Time, Attendance and Leave Records**

**Auditor's Recommendation** - We recommend the District require all time, attendance and leave transactions to be printed and contain evidence of supervisor's review. The payroll documentation should be maintained as part of the District's financial accounting records.

**Management's Response** - The District will consider documenting time, attendance and leave on a format which can be accessed subsequent to the payroll period and document the supervisor's approval of hours worked or leave taken.

### **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, 2021 and therefore is exempt from the audit requirements under the *Uniform Guidance*.

### **Section III - Management Letter**

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

**STATEWIDE AGREED-UPON PROCEDURES**

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

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

We have performed the procedures described in Schedule 2 on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA) Statewide Agreed-Upon Procedures (SAUP) for the fiscal period January 1, 2021 through December 31, 2021. Terrebonne Parish Recreation District No. 5's, (the "District") management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are described in Schedule 2.

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

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

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

*Bougeois Bennett, L.L.C.*

Certified Public Accountants

Houma, Louisiana,  
June 22, 2022.



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

**Terrebonne Parish Recreation District No. 5**

For the year ended December 31, 2021

The required procedures and our findings are as follows:

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

1. Obtain and inspect the District's written policies and procedures and observe that they address each of the following categories and subcategories if applicable to public funds and the District's operations:
  - a) Budgeting, including preparing, adopting, monitoring, and amending the budget.  
Performance: Inquired of management regarding the District's budgeting policy.  
Exceptions: The District does not have a budgeting policy.
  - b) Purchasing, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.  
Performance: Inquired of management regarding the District's policy for purchasing.  
Exceptions: The District does not have a purchasing policy.
  - c) Disbursements, including processing, reviewing, and approving.  
Performance: Inquired of management regarding the District's written policy for disbursements.  
Exceptions: The District does not have a disbursement policy.
  - d) Receipts/Collections, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).  
Performance: Inquired of management regarding the District's written policy for receipts/collections.  
Exceptions: The District does not have a receipts/collections policy.

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

- e) Payroll/Personnel, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.  
Performance: Inquired of management regarding the District's payroll/personnel policy,  
Exceptions: The District does not have a payroll/personnel policy.
  
- f) Contracting, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.  
Performance: Inquired of management regarding the District's contracting policy,  
Exceptions: Management confirmed there was no formal contracting policy.
  
- g) Credit Cards (and debit cards, fuel cards, P-Cards, if applicable), including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).  
Performance: Inquired of management regarding the District's credit card policy,  
Exceptions: The District does not have a credit card policy.
  
- h) Travel and expense reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.  
Performance: Inquired of management regarding the District's written policy for travel and expense reimbursement,  
Exceptions: The District does not have a travel and expense reimbursement policy.
  
- i) Ethics, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the District's ethics policy.  
Performance: Inquired of management regarding the District's ethics policy,  
Exceptions: The District does not have an 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.  
Performance: Inquired of management regarding the District's ethics policy,  
Exceptions: Management confirmed there was no formal debt service policy.

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

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

Performance: We performed the procedures and discussed the results with management.

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

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

Exceptions: The District does not have a sexual harassment policy.

**Procedures Performed on the District's Board or Finance Committee:**

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period and:
  - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

Performance: Obtained and read the written minutes of the Board meetings. The Board is required to meet every month.

Exceptions: There were exceptions noted for missing a quorum in February and November 2021. The Board did not hold a September 2021 meeting due to Hurricane Ida.

- b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.

Performance: Obtained and read the written minutes of all Board meetings.

Exceptions: Minutes do not reference budget-to-actual financial statements are presented to the Board.

**Procedures Performed on the District's Board or Finance Committee: (Continued)**

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

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

Exceptions: There were no exceptions noted.

**Procedures Performed on the District's Bank Reconciliations:**

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

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

Exceptions: There were no exceptions noted.

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

Performance: Obtained monthly bank reconciliation for the month of December for the operating bank account and 2 additional accounts selected. Inspected management's documentation for timely preparation of the bank reconciliations.

Exceptions: There was no documentation that reconciliation of the operating bank account was prepared within 2 months of the closing date.

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

Performance: Inspected the District's documentation for its December bank reconciliation for its 3 bank accounts.

Exceptions: The bank reconciliations are reviewed and initialed but not dated.

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

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

Exceptions: There were no exceptions noted.

**Procedures Performed on the District's Collections:**

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/check/money order (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).  
Performance: Obtained the listing of deposit sites from management, and received management's representation in a separate letter.  
Exceptions: There were no exceptions noted.
  
5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:  
Performance: Obtained the listing of collection locations from management, and received management's representation in a separate letter.  
Exceptions: There were no exceptions noted.
  - a) Employees that are responsible for cash collections do not share cash drawers/registers.  
Performance: Inspected policy manuals, inquired of management and observed employees do not share cash drawers.  
Exceptions: There were no exceptions noted.
  
  - b) Each employee responsible for collection cash is not responsible for preparing/making bank deposits, unless other employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.  
Performance: Inspected policy manuals, inquired of management and observed employees do not share cash drawers.  
Exceptions: The Secretary/Treasurer is responsible for collections and prepares the deposit slips and makes the deposits.
  
  - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.  
  
Performance: Inspected policy manuals, inquired of management and observed receipts and general ledger transactions.  
Exceptions: The Secretary/Treasurer is responsible for collections and posts the general ledger.

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

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

- Performance: Inspected policy manuals, inquired of management and observed employees collecting cash do not make general ledger postings.

- Exceptions: There were no exceptions noted.

- 6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was enforced during the fiscal period.

- Performance: Obtained a listing of all employees who have access to cash and examined a bond or insurance policy for theft that was enforced during the fiscal year.

- Exceptions: There were no exceptions noted.

- 7. Randomly select 2 deposit dates for each of the 5 bank accounts selected for procedures #3 under "Procedures Performed on the District's Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits were made on the same day). Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.

- Performance: Obtained supporting documentation for the selected deposits and observed that receipts were sequentially pre-numbered.

- Exceptions: There were no exceptions noted.

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

- Performance: Traced supporting documentation to the deposit slip.

- Exceptions: There were no exceptions noted.

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

- Performance: Traced deposit slip total to actual deposit per bank statement.

- Exceptions: There were no exceptions noted.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and cash is stored securely in a locked safe or drawer).

- Performance: Observed that the deposits tested were made within one business day of receipt or within one week if the depository is more than 10 miles from collection location or the deposit is less than \$100.

- Exceptions: There were no receiving dates placed on receipt documentation.

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

- e) Trace the actual deposit per the bank statement to the general ledger.  
Performance: Traced the actual deposit per the bank statement to the general ledger.  
Exceptions: There was no exception noted.

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

- 8. Obtain a listing of locations that process payments for the fiscal period, and management's representation that the listing is complete. Select 5 locations (or all locations if less than 5).  
Performance: Obtained a listing of locations that process payments for the fiscal period from management and management's representation.  
Exceptions: There were no exceptions noted.
- 9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the District has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:  
Performance: Obtained a listing of employees involved in non-payroll purchasing and payment functions and reviewed written policies and procedures related to employee job duties. Observed if the job duties were properly segregated.  
Exceptions: There were no exceptions noted.
  - a) At least 2 employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.  
Performance: Obtained a listing of employees involved in initiating a purchase request, approving a purchasing, and placing an order/making a purchase. Observed at least 2 employees are involved.  
Exceptions: There were no exceptions noted.
  - b) At least 2 employees are involved in processing and approving payments to vendors.  
Performance: Obtained a listing of employees involved in processing and approving payments to vendors. Observed at least 2 employees are involved processing and approval of payments to vendors.  
Exceptions: There were no exceptions noted.
  - c) The employees responsible for processing payments are prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.  
Performance: Obtained a listing of employees involved in processing payments to vendors. Observed if any employees involved are adding/modifying vendor files.  
Exceptions: Secretary/treasurer processes all vendor payments and is responsible for adding/modifying vendor files.

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

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.  
Performance: Obtained a listing of employees involved with signing and mailing checks.  
Exceptions: There were no exceptions noted.

- 10. For each location selected under #8 above, obtain the District's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:  
Performance: Obtained the District's general ledger for the fiscal period and management's representation that the population is complete.  
Exceptions: There were no exceptions noted.

- a) Observe that the disbursement matched the related original itemized invoice and that supporting documentation indicates that deliverables included on the invoice were received by the District.  
Performance: Obtained the disbursements and observed that the disbursement and the related original invoice were in agreement.  
Exceptions: There were no exceptions noted.

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.  
Performance: Observed the 5 disbursements included evidence of segregation of duties.  
Exceptions: There were no exceptions noted.

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

- 11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.  
Performance: Inquired of management for a listing of all active credit cards, bank debit cards, fuel cards and P-cards for the fiscal period, including the card numbers and the names of the persons who maintain possession of the cards. The District does not utilize credit cards, debit cards, fuel cards, or P-cards.  
Exceptions: There were no exceptions noted.

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



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

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

Performance: The District does not utilize credit cards, debit cards, fuel cards, or P-cards

Exceptions: There were no exceptions noted.

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

Performance: The District does not utilize credit cards, debit cards, fuel cards, or P-cards.

Exceptions: There were no exceptions noted.

- 13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny:

- a) An original itemized receipt that identifies precisely what was purchased.

Performance: The District does not utilize credit cards,

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

Performance: The District does not utilize credit cards, debit cards, fuel cards, or P-cards.

Exceptions: There were no exceptions noted.

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

Performance: The District does not utilize credit cards, debit cards, fuel cards, or P-cards.

Exceptions: There were no exceptions noted.

**Procedures Performed on the District's Travel and Travel-Related Expense Reimbursements  
(Excluding Card Transactions):**

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

Performance: Obtained general ledger for travel and related expense reimbursements. No travel related expense reimbursements were noted.

Exceptions: There were no exceptions noted.

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

Performance: No travel related expense reimbursements were noted.

Exceptions: There were no exceptions noted.

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

Performance: No travel related expense reimbursements were noted.

Exceptions: There were no exceptions noted.

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

Performance: No travel related expense reimbursements were noted.

Exceptions: There were no exceptions noted.

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

Performance: No travel related expense reimbursements were noted.

Exceptions: There were no exceptions noted.

**Procedures Performed on the District's Contracts:**

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract and:

Performance: Obtained and observed the listing of all contracts in effect during the fiscal year from management and received management's representation of completeness in a separate letter.

Exceptions: There were no exceptions noted.

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

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.  
Performance: Inspected supporting contract documentation and inquired of client about any contracts subject to Louisiana Public Bid Law. The District entered into 2 contracts during the year. The contracts were not subject to the Louisiana Public Bid Law but were bid out.  
Exceptions: There were no exceptions noted.
  
- b) Observe that the contract was approved by the governing body/Department Council, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).  
Performance: Read board meeting minutes and confirmed the board approved the selected contracts.  
Exceptions: There were no exceptions noted.
  
- c) If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment.  
Performance: Inspected contracts and inquired of management about an amendments to contracts in the fiscal year. No change orders were issued on the contracts.  
Exceptions: There were no exceptions noted.
  
- d) Randomly select one payment from the fiscal period for each of the 2 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.  
Performance: Inspected payments for each of the 2 contracts, obtained supporting invoices, agreed invoice to the contract terms, and observed invoices related to the payment agreed to terms and conditions of the contract.  
Exceptions: There were no exceptions noted.

**Procedures Performed on the District's Payroll and Personnel:**

- 16. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.  
Performance: Obtained the listing of employees with their related salaries from management and received management's representation in a separate letter. Randomly selected 5 employees and agreed paid salaries to authorized salaries or pay rates per the personnel files.  
Exceptions: There were no exceptions noted.

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

17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
    - Performance: Selected one pay period to test leave taken during that period. Inquired of management for all daily attendance and leave records for proper documentation.
    - Exceptions: Management does not retain electronic documentation of attendance and leave records.
  
  - b) Observe that supervisors approved the attendance and leave of the selected employees or officials.
    - Performance: Inquired of management for all daily attendance and leave records for proper documentation.
    - Exceptions: Management does not retain electronic documentation of attendance and leave records.
  
  - c) Observe that any leave accrued or taken during the pay period is reflected in the cumulative leave records.
    - Performance: Inspected any leave accrued or taken during the pay period was reflected in the cumulative leave records. No leave was taken during the period.
    - Exceptions: There were no exceptions noted.
  
  - d) Observe the pay rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
    - Performance: Inspected and agreed the rate paid to employees to the authorized salary/pay rate found within the personnel file.
    - Exceptions: There were no exceptions noted.

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

18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select 2 employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, and the District's policy on termination payments. Agree the hours to the employees' or officials' cumulative leave records, agree the pay rates to the employees' or officials' authorized pay rates in the employees' or officials' personnel files and agree the termination payment to District policy.

Performance: Inquired of management of its termination policy, those employees or officials that terminated during the fiscal period and management's representation that the list is complete. No termination payments were made during the year ended December 31, 2021.

Exceptions: There were no exceptions noted.

19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., taxes, retirement contributions, health insurance premiums, and workers' compensation premiums etc.) have been paid, and associated forms have been filed, by required deadlines.

Performance: Inspected payroll reporting forms to confirm that all payments were submitted to the applicable agencies by the required deadlines.

Exceptions: There were no exceptions noted.

**Procedure Performed on the District's Ethics:**

20. Using the 5 selected employees or officials from procedure #16 under "Procedures Performed on the District's Payroll and Personnel", obtain ethics documentation from management and:

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

Performance: Inquired of management of its ethics course completion certificates for the 5 employees tested or official completed one hour certificates for the 5 employees tested.

The District does not have documentation of completion of the one hour ethics course.

Exceptions: No employee completed ethics training in the fiscal year.

- b) Observe that the District maintains documentation which demonstrates each employee or official were notified of any changes to the District's ethics policy during the fiscal period, as applicable.

Performance: Inquired of management if employees and officials were notified of changes to the ethics policy. The District does not have an ethics policy therefore no changes to the ethics policy were made during the year ended December 31, 2021.

Exceptions: Employees were not notified of adoption or modification of a District ethics policy.

**Procedures Performed on the District's Debt Service:**

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

Performance: Inquired of management regarding a listing of bonds/notes issued during the fiscal period, examined documentation of State Bond Commission approvals.

Exceptions: There were no exceptions noted.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing of bonds/notes and other debt instruments is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived assets funds, or other funds required by the debt covenants).

Performance: Inquired of management regarding a listing of bonds/notes outstanding at the end of the fiscal period, received management's representation the listing is complete in a separate letter and inspected bond documents for debt covenants and tested for compliance with the covenants.

Exceptions: There were no exceptions noted.

**Procedures Performed on the District's Fraud Notice:**

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

Performance: Inquired of management of any misappropriations of public funds or assets, none were noted.

Exceptions: There were no exceptions noted.

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

Performance: Inquired of management if a fraud notice is posted on the premises and website concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Exceptions: There were no fraud notices posted on the premises.

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

25. Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."
- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.  
Performance: We performed the procedures and discussed the results with management.
  - b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past three months.  
Performance: We performed the procedures and discussed the results with management.
  - c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.  
Performance: We performed the procedures and discussed the results with management.

**Procedures Performed on the District's Sexual Harassment:**

26. Using the 5 randomly selected employees/officials from procedure #16 under "Procedures Performed on the District's Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.  
Performance: Inquired of sexual harassment training documentation from management.  
Exceptions: There was no documentation of each employee or official completing at least one hour of sexual harassment training during the calendar year.
27. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).  
Performance: Inquired of management regarding the sexual harassment policy and complaint procedure on its website.  
Exceptions: The District's sexual harassment policy is not posted on its website or in a conspicuous location on the District's premises.

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

28. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:
- a) Number and percentage of public servants in the District who have completed the training requirements  
Performance: Inquired of management regarding the entity's annual sexual harassment report for the fiscal period.  
Exceptions: The District did not prepare or file its sexual harassment report during the fiscal year.
  - b) Number of sexual harassment complaints received by the District.  
Performance: Inquired of management regarding the number of sexual harassment complaints received by the District for the fiscal period.  
Exceptions: The District did not receive any sexual harassment complaints during the fiscal year. The District did not prepare or file its sexual harassment report during the fiscal year.
  - c) Number of complaints which resulted in a finding that sexual harassment occurred;  
Performance: Inquired of management regarding the entity's annual sexual harassment report for the fiscal period.  
Exceptions: The District did not prepare or file its sexual harassment report during the fiscal year.
  - d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action  
Performance: Inquired of management regarding the entity's annual sexual harassment report for the fiscal period.  
Exceptions: The District did not prepare or file its sexual harassment report during the fiscal year.
  - e) Amount of time it took to resolve each complaint.  
Performance: Inquired of management regarding the entity's annual sexual harassment report for the fiscal period.  
Exceptions: The District did not prepare or file its sexual harassment report during the fiscal year.



**Management's Overall Response to Exceptions:**

- 1a) Management will consider development and the Board will adopt a budgeting policy.
- 1b) Management will consider development and the Board will adopt a purchasing policy.
- 1c) Management will consider development and the Board will adopt a disbursement policy.
- 1d) Management will consider development and the Board will adopt a collections policy.
- 1e) Management will consider development of a payroll/personnel policy.
- 1f) Management will consider development of a contracting policy.
- 1g) Management will consider development of a credit card policy.
- 1h) Management will consider development of a travel and expense reimbursement policy.
- 1i) Management will consider development of an ethics policy.
- 1j) Management will consider development of a debt service policy.
- 1k) Management will consider development of a technology disaster recovery/business continuity policy.
- 1l) Management will consider development of a sexual harassment policy for the District.
- 2a) Management will ensure that the board/finance committee meets with a quorum for all meetings to be held next year.
- 2b) Management will consider including/referencing monthly budget-to-actual comparisons in the minutes.
- 3a) Management will ensure that each bank reconciliation will include preparation initials and date.
- 3b) Management will ensure that each bank reconciliations include evidence that it was reviewed and dated by management.
- 5b) Management will consider having someone other than the secretary/treasurer make the deposits.
- 5c) Management will consider having someone other than the secretary/treasurer responsible for collections.
- 7d) Management will consider placing a date received on all receipts and making deposits within one business day of receipt.

**Management's Overall Response to Exceptions: (Continued)**

- 9c) Management will consider having someone other than the secretary/treasurer periodically review the vendor file.
- 17a) Management will ensure that employee time and attendance records are printed and maintained as permanent records of the District.
- 17b) Management will ensure that printed time and attendance records are documented for supervisor review.
- 20a) Management will ensure that employees/officials complete one hour of ethics training.
- 20b) Management will consider notifying each employee and official when there is an adoption or any changes to the ethics policy during the fiscal year.
- 24 Management will consider placing a fraud notice on the premises.
- 26) Management will ensure that employees and officials complete one hour of sexual harassment training.
- 27) Management will consider adding a sexual harassment policy and complaint procedure to the premises or on the website.
- 28) Next year management will prepare and submit the annual sexual harassment report containing the applicable requirements of R.S. 42:344 on or before the February 1 deadline.