

SULPHUR PARKS AND RECREATION
SULPHUR, LOUISIANA

ANNUAL FINANCIAL REPORT
AND INDEPENDENT AUDITORS' REPORTS

Year Ended December 31, 2017

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SULPHUR PARKS AND RECREATION
Sulphur, Louisiana

Management's Discussion and Analysis

Within this section of Sulphur Parks and Recreation's (District) annual financial report, the District's management is pleased to provide this narrative discussion and analysis of the financial activities of the District for the fiscal year ended December 31, 2017. The District's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

FINANCIAL HIGHLIGHTS

- The District's assets exceeded its liabilities by \$64,330,008 (net position) for the fiscal year reported.
- Total revenues of \$8,956,528 exceeded total expenditures of \$6,565,284, which resulted in a current year surplus of \$2,391,244, compared to the prior year surplus of \$2,391,244.
- Total net position is comprised of the following:
 - (1) Net investment in capital assets, of \$51,092,801 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
 - (2) Unrestricted net position of \$13,237,207 represents the portion available to maintain the District's continuing obligations to citizens and creditors.
- The District's governmental funds reported total ending fund balance of \$13,362,037 this year. This compares to the prior year ending fund balance of \$11,239,142, reflecting an increase of \$2,122,895 during the current year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$13,362,037 or 196% of total general fund expenditures and 149% of total general fund revenues.
- Overall, the District continues to maintain a strong financial position and is continuing to work to improve on this financial position.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

SULPHUR PARKS AND RECREATION
Sulphur, Louisiana

Management's Discussion and Analysis (Continued)

OVERVIEW OF FINANCIAL STATEMENTS

This Management's Discussion and Analysis document introduces the District's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The District also includes in this report additional information to supplement the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the District's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Position*. This is the government-wide statement of position presenting information that includes all of the District's assets, plus deferred outflows of resources, less liabilities, less 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 as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other nonfinancial factors such as diversification of the taxpayer base, or the condition of District infrastructure in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the District's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the District's distinct activities or functions on revenues provided by the District's taxpayers.

Both government-wide financial statements distinguish governmental activities of the District that are principally supported by property taxes and from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include principally general government and recreation.

The government-wide financial statements are presented on pages 17 and 18 of this report.

SULPHUR PARKS AND RECREATION
Sulphur, Louisiana

Management's Discussion and Analysis (Continued)

FUND FINANCIAL STATEMENTS

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The District uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the District's most significant funds rather than the District as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation.

The District has one kind of fund:

Governmental funds are reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the District's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented on pages 21 through 24 of this report.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 24 of this report.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information concerning the District's budget presentations. Budgetary comparison statements are included as "required supplemental information" for the general fund. These statements and schedules demonstrate compliance with the District's adopted and final revised budget. Required supplemental information can be found on page 45 of this report.

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Sulphur, Louisiana

Management's Discussion and Analysis (Continued)

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's net position at fiscal year-end is \$64,330,008. The following table provides a summary of the District's net position:

	<u>2017</u>		<u>2016</u>	
Assets:				
Current assets and other assets	\$ 13,760,972	21%	\$ 11,544,411	19%
Capital assets	<u>51,092,801</u>	<u>79</u>	<u>50,702,729</u>	<u>81</u>
Total assets	<u>64,853,773</u>	<u>100%</u>	<u>62,247,140</u>	<u>100%</u>
Deferred outflows of resources	<u>678,164</u>	<u>100%</u>	<u>936,864</u>	<u>100%</u>
Liabilities:				
Current liabilities	398,935	36%	305,269	27%
Long-term liabilities	<u>713,030</u>	<u>64</u>	<u>833,260</u>	<u>73</u>
Total liabilities	<u>1,111,965</u>	<u>100%</u>	<u>1,138,529</u>	<u>100%</u>
Deferred inflows of resources	<u>89,964</u>	<u>100%</u>	<u>106,711</u>	<u>100%</u>
Net position:				
Net investment in capital assets	51,092,801	79%	50,702,729	82%
Unrestricted	<u>13,237,207</u>	<u>21</u>	<u>11,236,035</u>	<u>18</u>
Total net position	<u>\$ 64,330,008</u>	<u>100%</u>	<u>\$ 61,938,764</u>	<u>100%</u>

The District continues to maintain a high current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio is 34.5 to 1 (37.8 to 1 for 2016).

The District reported positive balances in net position, which increased by \$2,391,244 (\$2,876,795 increase for 2016). The District's overall financial position improved during the fiscal year 2017.

Note that approximately 79% (82% for 2016) of the governmental activities' net position is tied up in capital. The District uses these capital assets to provide services to its taxpayers.

SULPHUR PARKS AND RECREATION
Sulphur, Louisiana

Management's Discussion and Analysis (Continued)

The following table provides a summary of the District's changes in net position:

	<u>2017</u>		<u>2016</u>	
Revenues:				
Program:				
Charges for services/fines	\$ 2,143,399	24%	\$ 2,324,731	26%
Operating grants	-	-	-	-
General:				
Property taxes	6,706,523	75	6,476,017	73
Other taxes	75,850	1	79,690	1
Interest	7,077	-	7,807	-
Other	23,679	-	14,675	-
Total Revenues	<u>8,956,528</u>	<u>100%</u>	<u>8,902,920</u>	<u>100%</u>
Program expenses:				
General and administrative	1,727,768	26%	1,481,802	26%
Recreation	1,986,372	31	1,997,746	33
Aquatic center	1,947,935	30	1,687,736	28
Golf course	769,959	12	740,350	12
Grill	67,996	1	51,973	1
Swimming pools	25,057	-	21,648	-
Tennis	17,652	-	18,747	-
Loss on disposal of assets	22,545	-	26,123	-
Total Expenses	<u>6,565,284</u>	<u>100%</u>	<u>6,026,125</u>	<u>100%</u>
Change in net position	2,391,244		2,876,795	
Beginning net position	<u>61,938,764</u>		<u>59,061,969</u>	
Ending net position	<u>\$ 64,330,008</u>		<u>\$ 61,938,764</u>	

SULPHUR PARKS AND RECREATION
Sulphur, Louisiana

Management's Discussion and Analysis (Continued)

GOVERNMENTAL REVENUES

The District is heavily reliant on property taxes to support governmental operations. Property taxes provided 75% (73% for 2016) of the District's total revenues. Because of the District's healthy financial position, we have been able to earn \$7,077 in interest earnings to support governmental activities. Also note that program revenues cover only 24% (26% for 2016) of governmental operating expenses. This means that the government's taxpayers and the District's other general revenues fund 76% (74% for 2016) of the governmental activities. As a result, the general economy and the local businesses have a major impact on the District's revenue streams.

GOVERNMENTAL FUNCTIONAL EXPENSES

Recreation services comprise 31% (33% for 2016) of the District's total expenses and golf course expenses are 12% (12% for 2016) of total District expenses. The Aquatic Center comprised 30% (28% for 2016) of the total expenses.

This table presents the cost of each of the District's programs, including the net costs (i.e., total cost less revenues generated by the activities). The net costs illustrate the financial burden that was placed on the District's taxpayers by each of these functions.

Governmental Activities

	<u>2017</u>		<u>2016</u>	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
General and administrative	\$ 1,727,768	\$ 1,727,768	\$ 1,481,802	\$ 1,481,802
Recreation	1,986,372	1,922,123	1,997,746	1,926,526
Aquatic Center	1,947,935	305,335	1,687,736	(162,388)
Golf course	769,959	367,542	740,350	370,974
Grill	67,996	34,851	51,973	19,440
Swimming pool	25,057	25,057	21,648	21,648
Tennis	<u>17,652</u>	<u>16,664</u>	<u>18,747</u>	<u>17,269</u>
Total	<u>\$ 6,542,739</u>	<u>\$ 4,399,340</u>	<u>\$ 6,000,002</u>	<u>\$ 3,675,271</u>

SULPHUR PARKS AND RECREATION
Sulphur, Louisiana

Management's Discussion and Analysis (Continued)

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental Funds

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$13,362,037 (\$11,239,142 for 2016). Of this year-end total, \$13,362,037 is unassigned indicating availability for continuing District service requirements.

The total ending fund balances of governmental funds show an increase of \$2,122,895 (a increase of \$2,550,831 for 2016).

MAJOR GOVERNMENTAL FUNDS

The General Fund is the District's primary operating fund and the largest source of day-to-day service delivery. The General Fund's fund balance increased by \$2,122,895. In fiscal year 2016, the fund balance increased by \$2,550,831.

The revenues show an increase of \$52,164 or 1% over the prior year, primarily due to increases in property tax revenues. The expenditures side shows a decrease of \$480,100 or 7% from the prior year. This decrease related primarily to less capital assets purchased in 2017 as compared to 2016.

The General Fund's ending fund balance is considered very adequate, representing the equivalent of 177% of annual expenditures.

BUDGETARY HIGHLIGHTS

The General Fund - The revenue side of the original budget for the General Fund was increased by \$618,000 or 7% this year over last year. The primary change in the general fund's revenue budget relates to anticipated increases in Ad valorem tax and aquatic center revenues.

The expenditure side of the original budget for the general fund was decreased by \$819,100 or 9% this year from last year, mainly due to capital outlay expenditures.

The revenue budget was amended once with a decrease of \$72,000, mainly due to aquatic center revenue.

The actual revenues were more than the final budget by \$577,084 or 6% and the actual expenditures were less than the final budget by \$2,696,911 or 40%.

SULPHUR PARKS AND RECREATION
Sulphur, Louisiana

Management's Discussion and Analysis (Continued)

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

The District's net investment in capital assets for governmental activities as of December 31, 2017, was \$51,092,801. See Note C for additional information about changes in capital assets during the fiscal year and outstanding at the end of the year. The following table provides a summary of capital asset activity.

	<u>2017</u>	<u>2016</u>
Non-depreciable asset:		
Land	\$ 23,149,397	\$ 23,149,397
Construction in progress	1,625,037	364,021
Total non-depreciable	<u>\$ 24,774,434</u>	<u>\$ 23,513,418</u>
Depreciable assets:		
Buildings	\$ 15,878,121	\$ 15,728,991
Furniture & fixtures	120,050	119,523
Transportation equipment	312,260	312,260
Equipment	3,897,829	3,806,521
Infrastructures	<u>17,699,349</u>	<u>17,699,349</u>
Total depreciable assets	37,907,609	37,666,644
Less accumulated depreciation	<u>11,589,241</u>	<u>10,477,333</u>
Book value-depreciable assets	<u>\$ 26,318,368</u>	<u>\$ 27,189,311</u>
Percentage depreciated	<u>31%</u>	<u>28%</u>
Book value-all assets	<u>\$ 51,092,802</u>	<u>\$ 50,702,729</u>

At December 31, 2017, the depreciable capital assets for governmental activities were 31% depreciated. This compares more than the December 31, 2016 percentage. This comparison indicates that the District replaced its assets at a higher rate than they are depreciating.

The major additions are:

- Mines Annex Building
- 15 Yamaha Golf Carts
- John Deere ProGator 2020A
- Land Pride All Flex Mower
- Various Recreation and Concession Equipment

SULPHUR PARKS AND RECREATION
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Management's Discussion and Analysis (Continued)

ECONOMIC CONDITIONS AFFECTING THE DISTRICT

Since the primary revenue stream for the District is property taxes, the District's property tax revenues are subject to changes in the economy.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances, comply with finance-related laws and regulations, and demonstrate the District's commitment to public accountability. If you have any questions about this report or would like to request additional information, contact the District's Director Steve Gayfield, 933 West Parish Road, Sulphur, LA 70663.



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INDEPENDENT AUDITORS' REPORT

April 26, 2018

Board of Commissioners
Sulphur Parks and Recreation
Sulphur, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Sulphur Parks and Recreation, a component unit of the Calcasieu Parish Police Jury, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise Sulphur Parks and Recreation's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Sulphur Parks and Recreation as of December 31, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, the schedule of employer's proportionate share of net pension liability and the schedule of employer's compensation on pages 3 through 11 and 43 through 45 respectively be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted principally of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sulphur Parks and Recreation's basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to chief Executive Officer is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to Chief Executive Officer is the responsibility of management and was derived from the relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation, Benefits, and Other Payments to Chief Executive Officer is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 26, 2018, on our consideration of Sulphur Parks and Recreation's internal control over financial

Sulphur Parks and Recreation
April 26, 2018
Page Three

reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sulphur Parks and Recreation's internal control over financial reporting and compliance.

Gragson, Casiday & Guillory

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

SULPHUR PARKS AND RECREATION
Sulphur, Louisiana

Statement of Net Position

December 31, 2017

ASSETS	
Cash	\$ 6,975,215
Receivables	6,759,782
Inventory	25,975
Capital assets:	
Land	23,149,397
Capital assets, net	<u>27,943,404</u>
Total assets	<u>64,853,773</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>678,164</u>
LIABILITIES	
Accounts and other accrued payables	398,935
Long-term liabilities	
Net pension liability	504,690
Net OPEB obligation	<u>208,340</u>
Total liabilities	<u>1,111,965</u>
DEFERRED INFLOWS OF RESOURCES	<u>89,964</u>
NET POSITION	
Net investment in capital assets	51,092,801
Net position - unrestricted	<u>13,237,207</u>
	<u>\$ 64,330,008</u>

The accompanying notes are an integral part of the basic financial statements.

SULPHUR PARKS AND RECREATION
Sulphur, Louisiana

Statement of Activities

Year Ended December 31, 2017

<u>Activities</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net Revenues (Expenses) and Changes in Net Position</u>
		<u>Fees, Fines and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities:				
General and administrative	\$ 1,727,768	\$ -	\$ -	\$ (1,727,768)
Recreation	1,986,372	64,249	-	(1,922,123)
Aquatic center	1,947,935	1,642,600	-	(305,335)
Golf course	769,959	402,417	-	(367,542)
Grill	67,996	33,145	-	(34,851)
Swimming pools	25,057	-	-	(25,057)
Tennis	17,652	988	-	(16,664)
Total Governmental Activities	<u>\$ 6,542,739</u>	<u>\$ 2,143,399</u>	<u>\$ -</u>	(4,399,340)
General Revenues:				
Taxes -				
Property taxes, levied for general purposes				6,706,523
State revenue sharing				75,850
Interest				7,077
Loss on disposal of assets				(22,545)
Miscellaneous				23,679
Total general revenues				<u>6,790,584</u>
Change in net position				<u>2,391,244</u>
Net position- Beginning				<u>61,938,764</u>
Net position - Ending				<u>\$ 64,330,008</u>

The accompanying notes are an integral part of the basic financial statements.

FUND FINANCIAL STATEMENTS

FUND DESCRIPTIONS

General Fund

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

SULPHUR PARKS AND RECREATION
Sulphur, Louisiana

Balance Sheet - Governmental Funds

December 31, 2017

	2017	2016
ASSETS		
Cash and cash equivalents	\$ 6,975,215	\$ 4,995,141
Receivables:		
Ad valorem tax, net	6,700,892	6,458,933
State revenue sharing	50,567	53,127
Other	8,323	11,949
Inventory, at cost	25,975	25,261
Total Assets	13,760,972	11,544,411
DEFERRED OUTFLOWS OF RESOURCES		
	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 13,760,972	\$ 11,544,411
LIABILITIES		
Accounts payable	\$ 241,829	\$ 196,754
Accrued liabilities	157,106	108,515
Total Liabilities	398,935	305,269
DEFERRED INFLOWS OF RESOURCES		
	-	-
FUND BALANCES		
Unassigned	13,362,037	11,239,142
Total Fund Balances	13,362,037	11,239,142
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 13,760,972	\$ 11,544,411

The accompanying notes are an integral part of the basic financial statements.

SULPHUR PARKS AND RECREATION
Sulphur, Louisiana

Reconciliation of the Balance Sheet-Governmental Funds to the
Statement of Net Position

December 31, 2017

Total fund balance for governmental fund at December 31, 2017		\$ 13,362,037
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Land	\$ 23,149,397	
Capital assets, net of \$11,589,241 accumulated depreciation	<u>27,943,404</u>	51,092,801
Deferred outflows and inflows are not financial resources or currently payable		
Deferred outflows	678,164	
Deferred inflows	<u>(89,964)</u>	588,200
Long-term obligations which are not included as a liability in the governmental fund type balance sheet:		
Net pension liability		(504,690)
Net OPEB obligation		<u>(208,340)</u>
Total net position of governmental activities at December 31, 2017		<u>\$ 64,330,008</u>

The accompanying notes are an integral part of the basic financial statements

SULPHUR PARKS AND RECREATION
Sulphur, Louisiana

Statement of Revenues, Expenditures and
Changes in Fund Balance - Governmental Funds

Year Ended December 31, 2017

	2017	2016
REVENUES		
Ad valorem tax, net	\$ 6,706,523	\$ 6,476,017
State revenue sharing	75,850	79,690
Recreation center concessions	64,249	71,220
Aquatic center	1,642,600	1,850,124
Golf course	402,417	369,376
Grill	31,701	32,533
Tennis	988	1,478
Interest	7,077	7,807
Miscellaneous	23,679	14,675
Total Revenues	8,955,084	8,902,920
EXPENDITURES		
Current operating:		
Recreation	3,112,942	2,881,888
Aquatic center	1,327,832	1,289,604
Golf course	730,292	730,948
Grill	65,529	51,969
Swimming pools	24,329	21,969
Tennis	17,321	18,944
General and administration	1,553,944	1,356,767
Total Expenditures	6,832,189	6,352,089
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,122,895	2,550,831
FUND BALANCE - BEGINNING	11,239,142	8,688,311
FUND BALANCE - ENDING	\$ 13,362,037	\$ 11,239,142

The accompanying notes are an integral part of the basic financial statements.

SULPHUR PARKS AND RECREATION
Sulphur, Louisiana

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balance-Governmental Funds to the Statement of Activities

Year Ended December 31, 2017

Total net changes in fund balance at December 31, 2017 per Statement of Revenues, Expenditures and Changes in Fund Balance		\$ 2,122,895
The change in net position reported for governmental activities in the statement of activities different because:		
<p>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.</p>		
Capital outlay which is considered expenditures on the Statement of Revenues, Expenditures and Changes in Fund Balance	\$ 1,593,240	
Depreciation expense for the year ended December 31, 2017	(1,180,623)	
Loss on disposal of assets	<u>(22,545)</u>	390,072
<p>Net pension (expense) benefit is reported in the governmental funds as expenditures as they are paid, however, in the satatement of activities the net position (expense) benefit is reported according to estimates required by GASB 68</p>		
		(89,316)
<p>In the Statement of Activities, post employment benefits (OPEB) are measured by the amounts incurred during the year. In the governmental funds, however, expenditures for this item are measured by the amount of financial resources used (essentially the amounts actually paid).</p>		
		<u>(32,407)</u>
Total changes in net position at December 31, 2017 per Statement of Activities		<u>\$ 2,391,244</u>

The accompanying notes are an integral part of the basic financial statements.

SULPHUR PARKS AND RECREATION
Sulphur, Louisiana

Notes to Financial Statements

December 31, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Sulphur Parks and Recreation was created by the Calcasieu Parish Police Jury as authorized by Act 82 of 1948. The District is governed by a board of five commissioners who are appointed by the Calcasieu Parish Police Jury. The District establishes regulations governing the parks, playgrounds and community centers and provides administration, management, maintenance and operations of the facilities.

1. Reporting Entity

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For financial reporting purposes, in conformance with GASB Statement No. 14, the Sulphur Parks and Recreation includes all funds, account groups, et cetera, that are within the oversight responsibility of the Sulphur Parks and Recreation.

As the governing authority, for reporting purposes, the Calcasieu Parish Police Jury is the financial reporting entity. The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Calcasieu Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body and
 - a. The ability of the Calcasieu Parish Police Jury to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Calcasieu Parish Police Jury.
2. Organizations for which the Calcasieu Parish Police Jury does not appoint a voting majority but are fiscally dependent on the Calcasieu Parish Police Jury.
3. Organizations for which the reporting entity financial statements could be misleading if data of the organization is not included because of the nature or significance of the relationship.

SULPHUR PARKS AND RECREATION
Sulphur, Louisiana

Notes to Financial Statements

December 31, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Based upon the application of these criteria, Sulphur Parks and Recreation is a component unit of the Calcasieu Parish Police Jury's reporting entity

2 Basis of Presentation

The accompanying basic financial statements of Sulphur Parks and Recreation have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, "Basic Financial Statements and Management's Discussion and Analysis-for State and Local Governments", issued in June 1999

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. The statement of activities presents a comparison between direct expenses and program revenues for each of the functions of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of services offered by the District, and (b) grants and contributions that are restricted to meeting the operational or capital requirement of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The District uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The emphasis on fund financial statements is on major funds, each displayed on a separate column. A fund is considered major if it is the primary operating fund of the District or its total assets, liabilities, revenues, or expenditures of the individual governmental fund is at least 10 percent of the corresponding total for all governmental funds of that category or type; and total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund are at least 5 percent of the corresponding total for all governmental funds combined.

SULPHUR PARKS AND RECREATION
Sulphur, Louisiana

Notes to Financial Statements

December 31, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The District reports the following major fund:

The General Fund is the primary operating fund of the District. It accounts for all financial resources.

3. Measurement Focus/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.

Measurement Focus

On the government-wide statement of net position and the statement of activities, activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery) and financial position. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting

In the government-wide statement of net position and statement of activities, activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

SULPHUR PARKS AND RECREATION
Sulphur, Louisiana

Notes to Financial Statements

December 31, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Governmental fund financial statements are reported using the current financial resources management focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

4. Cash

Cash includes amounts in demand deposits and time deposits with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2017, the District has \$6,737,510 in deposits (collected bank balances). These deposits are secured from risk by federal deposit insurance and pledged securities held by the custodial bank in the name of the fiscal agent bank.

5. Budgets

A budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general fund. All annual appropriations lapse at fiscal year end.

On or before the last meeting of each year, the budget is prepared by fund, function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

SULPHUR PARKS AND RECREATION
Sulphur, Louisiana

Notes to Financial Statements

December 31, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The proposed budget is presented to the government's Board of Commissioners for review. The board holds a public hearing and may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated.

The budget was amended once during the year.

6. Inventory

Inventory is valued at cost, which approximates market, and is determined using the FIFO method. Inventory consists of golf equipment and concessions held for resale.

7. Accounts Receivable

Sulphur Parks and Recreation utilizes the allowance method to recognize doubtful accounts for ad valorem taxes. The allowance for doubtful accounts at December 31, 2017 was \$0.

Uncollectible amounts due for other receivables of governmental funds are recognized as bad debts at the time information becomes available which would indicate that the particular receivable is not collectible.

8. Capital Assets

Capital assets are capitalized at historical cost or estimated cost if historical is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Depreciation of all exhaustible capital assets is recorded as an allocated 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 infrastructures	20-40 years
Furniture and fixtures	5-7 years
Equipment	5-7 years
Transportation equipment	5 years

SULPHUR PARKS AND RECREATION
Sulphur, Louisiana

Notes to Financial Statements

December 31, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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.

9. Compensated Absences

Vacation Employees may carry forward only a maximum of forty (40) hours of vacation past December 31st of any given year. Those hours in excess of forty (40) hours will be converted into sick leave. Employees may request monetary compensation for unused vacation up to forty (40) hours. The request must be made in writing no later than December 15th and compensation will be at the employee's regular hourly rate.

Sick leave The extent permitted by law, employees hired prior to January 1, 2007, at the time of retirement from Sulphur Parks and Recreation through the Parochial Retirement System shall be able to convert any unused accumulated sick leave to obtain additional benefits from said retirement system. Employees hired on or after January 1, 2007, who has at least twenty (20) years of service with Sulphur Parks and Recreation, shall be paid for accrued unused sick leave at the time of regular retirement up to a maximum of four hundred eighty (480) hours. No unused sick leave will be transferable to the Parochial Retirement System for these employees.

Each full time employee with less than two years of service is eligible for five (5) days of sick leave. Each full time employee with two or more years of service is eligible for eighteen (18) days of sick leave. Employees may accumulate up to 480 hours of sick leave. Any sick leave above the 480 hours will be accumulated as retirement time and may not at any time be converted to sick leave. Upon retirement from SPAR's employ, accumulated retirement time will be added to actual time worked, thereby increasing the employee's retirement benefits.

At December 31, 2017, the District did not have an accrual for compensated absences.

10. Equity Classification

In the 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.
- b. Restricted net position – Consists of net position with constraints placed on the use

SULPHUR PARKS AND RECREATION
Sulphur, Louisiana

Notes to Financial Statements

December 31, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

either by (1) external groups such as creditors, grantors, contributors, 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 does not meet the definition of “restricted” or “net invested in capital assets”.

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified as restricted, assigned and unassigned.

- a. Restricted fund balance – Includes fund balance amounts that are intended to be used for specific purposes based on generally outside actions.
- b. Assigned fund balance – Includes fund balance amounts that are intended to be used for specific purposes based on internal (Board) actions.
- c. Unassigned fund balance – Includes positive fund balance within the general fund which has not been classified within the above mentioned categories.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it shall be the policy of the District to consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it shall be the policy of the District that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts.

11. Use of Estimates

The preparation of the 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.

12. Revenues, Expenditures, and Expenses

Program Revenues

Program revenues included in the Statement of Activities are derived directly from the program itself or from parties outside the District's taxpayers, as a whole; program revenues reduce the cost of the function to be financed from the District's general revenues.

SULPHUR PARKS AND RECREATION
Sulphur, Louisiana

Notes to Financial Statements

December 31, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Revenues

Ad valorem taxes and the related state revenue sharing are recorded in the year taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent on December 31. The taxes are generally collected in December, January and February of the fiscal year. Interest on interest-bearing deposits is recorded or accrued as revenues when earned. Substantially all other revenues are recorded when received.

Expenditures

The District's primary expenditures include salaries and insurance, which are recorded when the liability is incurred. Capital expenditures and purchases of various operating supplies are regarded as expenditures at the time purchased.

13. Subsequent Events

Management has evaluated subsequent events through April 26, 2018, the date the financial statements were available to be issued.

14. Comparative Data

Comparative totals for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the government's financial position and operation.

NOTE B - AD VALOREM TAXES

For the year ended December 31, 2017 taxes were levied on property with taxable assessed valuations as follows:

	<u>Approximate Valuations</u>	<u>Taxes</u>
General corporate purposes	\$ 682,083,073	10.25 mills

SULPHUR PARKS AND RECREATION
Sulphur, Louisiana

Notes to Financial Statements

December 31, 2017

NOTE C - CAPITAL ASSETS

A summary of changes in capital assets for the year ended December 31, 2017 follows:

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>End of Year</u>
Governmental activities:				
Land	\$ 23,149,397	\$ -	\$ -	\$ 23,149,397
Buildings	15,728,991	149,130	-	15,878,121
Furniture and Fixtures	119,523	528	-	120,051
Transportation Equipment	312,259	-	-	312,259
Equipment	3,806,522	182,566	(91,260)	3,897,828
Infrastructures	17,699,349	-	-	17,699,349
Construction In Progress	<u>364,021</u>	<u>1,410,146</u>	<u>(149,130)</u>	<u>1,625,037</u>
Totals at historical cost	61,180,062	1,742,370	(240,390)	62,682,042
Less accumulated depreciation for:				
Buildings	3,877,778	389,940	-	4,267,718
Furniture and Fixtures	94,711	4,751	-	99,462
Transportation Equipment	251,798	18,052	-	269,850
Equipment	2,489,330	264,902	(68,715)	2,685,517
Infrastructures	<u>3,763,716</u>	<u>502,978</u>	<u>-</u>	<u>4,266,694</u>
Total accumulated depreciation	<u>10,477,333</u>	<u>1,180,623</u>	<u>(68,715)</u>	<u>11,589,241</u>
Governmental activities capital assets, Net	<u>\$ 50,702,729</u>	<u>\$ 561,747</u>	<u>\$ (171,675)</u>	<u>\$ 51,092,801</u>

Depreciation expense was charged to governmental activities as follows:

General and administrative	\$ 156,314
Aquatic center	586,348
Recreation	364,203
Golf course	73,114
Grill	<u>644</u>
Total	<u>\$ 1,180,623</u>

SULPHUR PARKS AND RECREATION
Sulphur, Louisiana

Notes to Financial Statements

December 31, 2017

NOTE C - CAPITAL ASSETS - CONTINUED

The construction in progress at December 31, 2017 consisted of the following:

<u>Project</u>	<u>Costs Through December 31, 2017</u>	<u>Estimated Completion Date</u>	<u>Estimated Remaining Costs to Complete</u>
Maplewood Commons	\$ 1,423,006	June 2018	\$ 2,000,000
Carlyss Expansion	28,416	Mid 2018	1,040,000
Field 11/Peltier Field Improvements	11,481	Early 2018	13,000
McMurry Fld41 Batting Cage	<u>224</u>	Early 2018	<u>290,000</u>
	<u>\$ 364,021</u>		<u>\$ 3,343,000</u>

NOTE D - RETIREMENT COMMITMENTS

Full-time employees of the district are members of the Parochial Employees' Retirement System of Louisiana, a multi-employer (cost-sharing), public employee retirement system (PERS), controlled and administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. Eligible employees of the district were members of Plan A during 2017.

Under Plan A, members with 10 years of creditable service may retire at age sixty; members with 25 years of service may retire at age fifty-five; members with 30 years of service may retire regardless of age. The retirement allowance is equal to three percent of the member's final average compensation (defined as the average of the highest consecutive 36 months) multiplied by his years of creditable service. However, any employee who was a member of the supplemental plan only prior to the revision date has the benefit earned for service credited prior to the revision date on the basis of one percent of final compensation plus two dollars per month for each year credited prior to the revision date, and three percent of final compensation for each year of service credited after the revision date. The retirement allowance may not exceed the greater of one hundred percent of a member's final salary or the final compensation.

Contributions to the System include 1/4 of 1% of the taxes shown to be collectible by the tax rolls of each parish, except Orleans and East Baton Rouge Parishes. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. State statute requires covered employees to contribute a percentage of their salaries, 2% under Plan B and 9.5% under Plan A, to the System. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by an actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The employer contributions for 2017 were 13.00% of covered employees' salaries under Plan A.

SULPHUR PARKS AND RECREATION
Sulphur, Louisiana

Notes to Financial Statements

December 31, 2017

NOTE D - RETIREMENT COMMITMENTS - CONTINUED

The payroll for the District employees covered by the system for the year ended December 31, 2017 was \$1,525,500; the District's total payroll was \$2,399,892. The District contributed \$190,688 to the system during the year.

The System: issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employees' Retirement System, Post Office Box 14619, Baton Rouge, Louisiana 70898-4619, or by calling (504) 928-1361.

At December 31, 2017, the District reported a liability of \$504,690 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to their pension plan relative to the projected contributions of all participating entities, actuarially determined. At December 31, 2016, the District's proportion was .2450531%.

For the year ended December 31, 2017, the District recognized pension expense of \$89,316 including employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$18,921. At December 31, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 88,316
Difference between expected and actual assumption	95,818	
Difference between expected and actual Investment	391,658	
Changes in proportion and differences between:		
Contributions and proportionate share of contributions	-	1,648
Contributions subsequent to the measurement date	190,688	-
Total	\$ 678,164	\$ 89,964

SULPHUR PARKS AND RECREATION
Sulphur, Louisiana

Notes to Financial Statements

December 31, 2017

NOTE D - RETIREMENT COMMITMENTS - CONTINUED

\$190,688 reported as deferred outflows of resources related to pensions resulting from District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Other accounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	Amount
2018	\$ 99,378
2019	99,378
2020	99,378
2021	99,378
2022	-
Thereafter	-

Actuarial methods and assumption. The total pension liability in the December 30, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	December 31, 2016
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.00% (Net of investment expense)
Expected Remaining Service Lives	4 years
Projected Salary Increases	Plan A – 5.25% (2.75% Merit/2.5% Inflation)
Cost of Living Adjustments	The present values of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet amortized by the Board of Trustees.
Mortality	RP-2000 Employee Sex Distinct Table was selected for employees. RP-2000 Health Annuitant Mortality Table was selected for healthy annuitants and beneficiaries. RP-2000 Disabled Lives Mortality Table was selected for disabled annuitants.

SULPHUR PARKS AND RECREATION
Sulphur, Louisiana

Notes to Financial Statements

December 31, 2017

NOTE D - RETIREMENT COMMITMENTS - CONTINUED

The discount rate used to measure the total pension liability was 7.00% for Plan A. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations and projected on a forward looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce

the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.66% for the year ended December 31, 2016.

Best estimates of arithmetic real rates of return for major asset class included in the System's target asset allocation as of December 31, 2016 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Fixed income	35%	1.24%
Equity	52%	3.63%
Alternatives	11%	0.67%
Real assets	2%	0.12%
Total	100%	5.66%
Inflation		2.00%
Expected Arithmetic Nominal Return		7.66%

SULPHUR PARKS AND RECREATION
Sulphur, Louisiana

Notes to Financial Statements

December 31, 2017

NOTE D - RETIREMENT COMMITMENTS - CONTINUED

The mortality rate assumption used was set based upon an experience study performed on plan data for the period January 1, 2010 through December 31, 2014. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent of the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a set back of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

Sensitivity to changes in discount rate. The following presents the net pension liability of the Police Jury calculated using the discount rate of 7.00%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 6.00% or one percentage point higher 8.00% than the current rate.

	Changes in Discount Rate 2017		
	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Net Pension Liability (Asset)	\$ 1,509,730	\$ 504,690	\$ (345,102)

NOTE E - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

Suits have been filed against the District as a result of falls and injuries by spectators. The suits are in stages of discovery. The cases will be vigorously defended and unfavorable outcomes are not expected.

NOTE F - DEFERRED COMPENSATION PLAN

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all full time employees which have been employed by the District for 12 consecutive months, permits them to defer a portion of their salaries until future years. The District will match sixty-seven

SULPHUR PARKS AND RECREATION
Sulphur, Louisiana

Notes to Financial Statements

December 31, 2017

NOTE F - DEFERRED COMPENSATION PLAN - CONTINUED

percent (67%) of the employee's contribution to a maximum of six percent (6%) of the employee's salary, not to include compensatory time or expense reimbursement. The deferred compensation is not available to employees until termination, retirement, or unforeseeable emergency. Deferred compensation is available to employees' beneficiaries in case of death.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the District (without being restricted to the provisions of benefits under the plan), subject only to the claims of the District's general creditors. Participants' rights under the plan are equal to those of general creditors of the District in an amount equal to the fair market value of the deferred account for each participant.

In management's opinion, the District has no liability for losses under the plan. However, the District does have the duty of due care that would be required of an ordinary prudent investor. The District believes it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

NOTE G – BOARD COMMISSIONER PER DIEM

There is no per diem paid to Board Commissioners.

NOTE H – POST EMPLOYMENT BENEFITS

Plan Description The Sulphur Parks and Recreation's medical benefits are provided through a comprehensive medical plan under the Calcasieu Parish Police Jury's plan and are made available to employees upon actual retirement. The District will finance the postemployment benefits on a "pay-as-you-go" basis. Accordingly, a liability is recognized in the financial statements for the actuarial determined amount of postemployment benefits that are associated with the normal costs of benefits attributable to service in the current year as well as an amortization of any unfunded actuarial accrued liability for costs of benefits associated with prior years of employment.

In addition to the option to participate in the group health, dental and life plans during employment, at retirement, employees who have twenty (20) years of cumulative service will be eligible for certain retiree benefits if hired after January 1, 2007. Employees hired prior to January 1, 2007, must have ten (10) years of cumulative service to be eligible for any retiree benefits.

SULPHUR PARKS AND RECREATION
Sulphur, Louisiana

Notes to Financial Statements

December 31, 2017

NOTE H – POST EMPLOYMENT BENEFITS – CONTINUED

Contribution Rates Employees do not contribute to their post employment benefits cost until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents.

The contribution requirements of the retirees and the participating employers are established in the annual operating budget and may be amended in subsequent years with the approval of management. As stated previously, the required contribution is based on projected "pay-as-you-go" financing requirements. There is no retiree contribution to the OPEB plan other than the retiree share of insurance premiums paid monthly which for 2017 consisted of \$440 per month if under age 65, \$340 per month if subjected to Medicare Supplement Part A, or \$238 per month if subjected to Medicare Supplements Parts A & B.

Funding Policy Until 2009, the Sulphur Parks and Recreation District recognized the cost of providing post-employment medical benefits (the Sulphur Parks and Recreation's portion of the retiree medical benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. In 2017, the Sulphur Parks and Recreation's portion of health care funding cost for retired employees totaled \$0.

Effective with the year ended December 31, 2009, the Sulphur Parks and Recreation District implemented Government Accounting Standards Board Statement Number 45, Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions (GASB 45). This statement has been implemented prospectively. Using this method, the beginning OPEB liability is set at zero and the actuarially determined OPEB liability relative to past service (prior to January 1, 2009) will be amortized and recognized as an expense over thirty years.

Annual Required Contribution The Sulphur Parks and Recreation's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC is the sum of the Normal Cost plus the contribution to amortize the Actuarial Accrued Liability (AAL). A level dollar, closed amortization period of 30 years (the maximum amortization period allowed by GASB 43/45) has been used for the post-employment benefits.

SULPHUR PARKS AND RECREATION
Sulphur, Louisiana

Notes to Financial Statements

December 31, 2017

NOTE H – POST EMPLOYMENT BENEFITS – CONTINUED

Net Post-employment Benefit Obligation The table below shows the Sulphur Parks and Recreation's Net Other Post-employment Benefit (OPEB) Obligation for the fiscal year.

	<u>Medical</u>
Annual required contribution	\$ 26,793
Interest on Net OPEB Obligation	7,037
ARC Adjustment	<u>8,015</u>
Annual OPEB Cost	41,845
Contributions made	(9,438)
Current year retiree premium	<u>-</u>
Increase in Net OPEB Obligation	32,407
Beginning Net OPEB Obligation	<u>175,933</u>
Ending Net OPEB Obligation	<u>\$ 208,340</u>

The following table shows the Sulphur Parks and Recreation's annual post employment benefits (PEB) cost, percentage of the cost contributed, and the net unfunded post employment benefits (PEB) liability:

Post Employment <u>Benefit</u>	<u>Fiscal Year Ended</u>	Annual <u>OPEB Cost</u>	Percentage of Annual Cost <u>Contributed</u>	Net OPEB <u>Obligation</u>
Medical	December 31, 2017	\$ 32,407	0%	\$ 208,340

Funded Status and Funding Progress In the fiscal year ended December 31, 2017, the Sulphur Parks and Recreation made no contributions to its post employment benefits plan. The plan was not funded at all, has no assets, and hence has a funded ratio of zero. Based on the actuarial valuation, the Actuarial Accrued Liability (AAL) at the end of the year ended December 31, 2017 was \$208,340, which is defined as the portion, as determined by a particular actuarial cost method of the actuarial present value of post employment plan benefits and expenses which is not provided by normal cost.

	<u>Medical</u>
Actuarial Accrued Liability (AAL)	\$ 208,340
Actuarial Value of Plan Assets	<u>-</u>
Unfunded Act. Accrued Liability (UAAL)	<u>\$ 208,340</u>
Funded Ratio (Act. Val. Assets/AAL)	.00%
Covered Payroll (active Plan members)	\$2,399,892
UAAL as a percentage of covered payroll	8.7%

SULPHUR PARKS AND RECREATION
Sulphur, Louisiana

Notes to Financial Statements

December 31, 2017

NOTE H – POST EMPLOYMENT BENEFITS – CONTINUED

Actuarial Methods and Assumptions Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefits cost between the employer and the plan members. The actuarial calculations of the OPEB plan reflect a long-term perspective. Consistent with the perspective, the actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The projected unit credit actuarial cost method was used for the January 1, 2010, January 1, 2012, January 1, 2014 and January 1, 2016 actuarial valuations. Because the government currently finances OPEB using a "pay-as-you-go" approach, the discount rate is based on the historical and future investment yields that are expected to be used in financing the payment of benefits. The actuarial assumptions for all four valuations included a 4% investment rate of return, compounded annually. Life expectancies for the 2016 actuarial valuation report were based on the RP 2000 Male and Female Tables which is consistent with the 2010, 2012, 2014 and 2016 valuation reports. Turnover rates for both valuation reports were based on the District's historical data and modified based on years of employment.

For the January 1, 2017 actuarial valuation, claim costs were developed for pre-65 and post-65 retirees' costs. Costs were developed based on the current fully insured equivalency rates with costs adjusted for aging since the underlying premium rates are not community rated. This basis was used for the calculation of the present value of total benefits to be paid for retiree coverage. The 2017 actuarial valuation assumed a healthcare cost inflation rate of 10% decreasing to an ultimate rate of 5% in 2019 and beyond. A 1% inflation factor was utilized each year. The 2017 actuarial valuation also assumes that (1) the member's current marital status and whether spousal coverage is elected will remain unchanged at retirement, (2) female spouses and assumed to be three years younger than male employees and male spouses are assumed to be three years older than female employees, (3) employees electing single coverage as active employees are assumed to continue with single coverage at retirement and employees electing family coverage as active employees are assumed to continue family coverage as retirees and (4) 100% of employees will elect Medicare coverage when they are first eligible. The amortization method for the plan is level dollar with a thirty year open amortization period. The remaining amortization period at January 1, 2014 was twenty-three years.

SULPHUR PARKS AND RECREATION
Sulphur, Louisiana

Notes to Financial Statements

December 31, 2017

NOTE I – TAX ABATEMENTS

Louisiana's State Constitution Chapter VII Section 21 authorizes the State Board of Commerce and Industry to create a ten (10) year ad valorem tax abatement program for new manufacturing establishments in the State. Under the terms of this program, qualified businesses may apply for an exemption of local ad valorem taxes on capital improvements and equipment related to manufacturing for the first ten years of its operation; after which the property will be added to the local tax roll and taxed at the value and millages in force at the time. The future value of this exempt property could be subject to significant fluctuation from today's value; however, the District could receive a substantial increase in ad valorem tax revenues once the exemption on this property expires. All applicable agreements have been entered into by the Calcasieu Parish Police Jury and directly affect the District's ad valorem assessments. Because these taxes are not assessed or due, no adjustments have been made to the District's financial statements to record a receivable. As of December 31, 2017, \$178,320,783 of assessed property in the District's taxing jurisdiction is receiving this exemption, which amounts to \$1,827,788 in ad valorem taxes.

REQUIRED SUPPLEMENTAL INFORMATION

SULPHUR PARKS AND RECREATION
Sulphur, Louisiana

Budgetary Comparison Schedule - General Fund

Year Ended December 31, 2017

	Budget		Actual	Variance
	Original	Amended		Favorable (Unfavorable)
REVENUES				
Ad valorem tax	\$ 6,200,000	\$ 6,200,000	\$ 6,706,523	\$ 506,523
State revenue sharing	75,000	75,000	75,850	850
Recreation center concessions	94,000	87,000	64,249	(22,751)
Aquatic center	1,690,000	1,625,000	1,642,600	17,600
Golf course	351,000	351,000	402,417	51,417
Grill	34,000	34,000	31,701	(2,299)
Tennis	1,000	1,000	988	(12)
Interest	3,000	3,000	7,077	4,077
Miscellaneous	2,000	2,000	23,679	21,679
Total Revenues	<u>8,450,000</u>	<u>8,378,000</u>	<u>8,955,084</u>	<u>577,084</u>
EXPENDITURES				
Current operating:				
Recreation	4,771,500	4,771,500	3,112,942	1,658,558
Aquatic center	1,605,000	1,605,000	1,327,832	277,168
Golf course	1,104,100	1,104,100	730,292	373,808
Grill	30,300	30,300	65,529	(35,229)
Swimming pools	16,100	16,100	24,329	(8,229)
Tennis	18,100	18,100	17,321	779
General and administration	1,984,000	1,984,000	1,553,944	430,056
Total Expenditures	<u>9,529,100</u>	<u>9,529,100</u>	<u>6,832,189</u>	<u>2,696,911</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,079,100)	(1,151,100)	2,122,895	3,273,995
FUND BALANCE - BEGINNING	<u>11,239,142</u>	<u>11,239,142</u>	<u>11,239,142</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 10,160,042</u>	<u>\$ 10,088,042</u>	<u>\$ 13,362,037</u>	<u>\$ 3,273,995</u>

SULPHUR PARKS AND RECREATION
Sulphur, Louisiana

Employee Health Care Plan

December 31, 2017

Schedule of Funding Progress (Unaudited)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
December 31, 2013	\$ -	\$ 67,733	\$ 67,733	0%	\$ 2,059,026	3.3%
December 31, 2014	\$ -	\$ 115,408	\$ 115,408	0%	\$ 2,124,398	5.4%
December 31, 2015	\$ -	\$ 145,486	\$ 145,486	0%	\$ 2,268,261	6.4%
December 31, 2016	\$ -	\$ 175,933	\$ 175,933	0%	\$ 2,340,205	7.5%
December 31, 2017	\$ -	\$ 208,340	\$ 208,340	0%	\$ 2,399,892	8.7%

Note: Information for prior to 2013 was not available.

SULPHUR PARKS AND RECREATION
Sulphur, Louisiana

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended December 31, 2017

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
Parocial Employees Retirement System of Louisiana:					
2015	\$ 207,608	\$ 207,608	\$ -	\$1,431,779	14.5%
2016	\$ 188,929	\$ 188,929	\$ -	\$1,453,298	13.0%
2017	\$ 190,688	\$ 190,688	\$ -	\$1,525,500	12.5%

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

SULPHUR PARKS AND RECREATION
Sulphur, Louisiana

SCHEDULE OF EMPLOYERS' PROPORTIONATE SHARE OF NET PENSION LIABILITY

Year Ended December 31, 2017

Parocial Employees Retirement System of Louisiana:

	<u>December 31, 2017</u>	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Employer's portion of the net pension liability (asset)	0.24505%	0.24972%	0.23352%
Employer's proportionate share of the net pension liability (asset)	\$ 504,690	\$ 657,327	\$ 63,845
Employer's covered payroll	\$ 1,525,500	\$ 1,453,298	\$ 1,431,779
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	33.08%	45.23%	4.46%
Plan fiduciary net position as a percentage of the total pension liability	5.85%	7.77%	0.85%

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

The amounts presented have a measurement date of December 31, 2015.

OTHER INFORMATION

Sulphur Parks and Recreation

Schedule of Compensation, Benefits and Other Payments
To Chief Executive Officer

Year Ended December 31, 2017

Chief Executive Officer: Stephen Gayfield, Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 102,549
Benefits-insurance	480
Benefits-retirement - Parochial	13,086
Benefits-retirement - B457	4,187
Car allowance	-
Vehicle provided by government	2,137
Per diem	-
Reimbursements	615
Travel	-
Membership fees	170
Conference travel	-
Continuing professional education fees	60
Housing	-
Unvouchered expenses	-
Special meals	-



Gragson, Casiday & Guillory, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

RAYMOND GUILLORY, JR., C.P.A.
COY T. VINCENT, C.P.A.
MICHELLE LEE, C.P.A.
BRADLEY J. CASIDAY, C.P.A., C.V.A.
GRAHAM A. PORTUS, E.A.
KATHRYN BLESSINGTON, C.P.A.
JACKLYN BARLOW, C.P.A.
BRIAN MCCAIN, C.P.A.
BLAKE MANUEL, C.P.A.

INDEPENDENT AUDITORS' 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

April 26, 2018

Board of Commissioners
Sulphur Parks and Recreation
Sulphur, Louisiana

We have audited, 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, the financial statements of the governmental activities and each major fund of the Sulphur Parks and Recreation, a component unit of the Calcasieu Parish Police Jury, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise Sulphur Parks and Recreation's basic financial statements, and have issued our report thereon dated April 26, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Sulphur Parks and Recreation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Sulphur Parks and Recreation's internal control. Accordingly, we do not express an opinion on the effectiveness of Sulphur Parks and Recreation'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Dragson Casiday & Guillory

SULPHUR PARKS AND RECREATION
Sulphur, Louisiana

SCHEDULE OF FINDINGS AND RESPONSES

Year Ended December 31, 2017

1. Summary of Auditors' Results:

Financial Statements

Type of auditors' report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Control deficiencies identified that are
not considered to be material weakness(es)? yes no

Noncompliance material to financial statements
noted? yes no

2. Findings Relating to the Financial Statements Which are Required to be Reported in Accordance with Generally Accepted Governmental Auditing Standards

None

3. Findings and Questioned Costs for Federal Awards

N/A

4. Prior Year Findings

None



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INDEPENDENT AUDITORS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

March 27, 2018

Board of Commissioners
Sulphur Parks and Recreation
Sulphur, Louisiana

We have performed the procedures included enumerated below, which were agreed to by Sulphur Parks and Recreation and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUP's) for the year ended December 31, 2017. The Authority's management is responsible for those C/C areas identified in the SAUP's.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the Authority's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the Authority does not have any written policies and procedures), as applicable:
 - a) *Budgeting*, including preparing, adopting, monitoring, and amending the budget.
The District does not have a policies and procedures manual.
 - 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.
The District does not have a policies and procedures manual.
 - c) *Disbursements*, including processing, reviewing, and approving.
The District does not have a policies and procedures manual.
 - d) *Receipts*, including receiving, recording, and preparing deposits.
The District does not have a policies and procedures manual.

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- e) *Payroll/Personnel*, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

The District does not have a policies and procedures manual.

- 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.

The District does not have a policies and procedures manual.

- 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.

The District does not have a policies and procedures manual.

- h) *Travel and expense reimbursement*, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

The District does not have a policies and procedures manual.

- 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 Authority's ethics policy. Note: Ethics requirements are not applicable to nonprofits.

The District does not have a policies and procedures manual.

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

The District does not have a policies and procedures manual.

Board (or Finance Committee, if applicable)

- 2. Obtain and review the board minutes for the fiscal year, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

The Board met monthly during the fiscal year.

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the Authority's prior audit (GAAP-basis).

- If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal year reflect that the board is monitoring the plan.

The minutes referenced and include monthly budget-to-actual comparisons.

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal year.

Minutes, where applicable, contained approval of non-budgetary financial information.

Bank Reconciliations

- 3. Obtain a listing of Authority bank accounts from management and management's representation that the listing is complete.

The listing was provided by management.

- 4. Using the listing provided by management, select all of the Authority's bank accounts (if five accounts or less) or one-third of the bank accounts on a three-year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal year and report whether:

- a) Bank reconciliations have been prepared;

Bank reconciliations were prepared for all of the selected bank accounts for all months in the fiscal year.

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

There is no documentation that a member of management or a board member has reviewed each bank reconciliation.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Not applicable, for the accounts tested, there were no items outstanding for more than 6 months as of the end of the fiscal period.

Collections

- 5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

The listing was provided by management.

6. Using the listing provided by management, select all of the Authority's cash collection locations (if five locations or less) or one-third of the collection locations on a three-year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each cash collection location selected:

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

The employees accepting payments are bonded. The employees who collect cash are not responsible for depositing, recording nor reconciling. Cash register/drawers are maintained and shared by employees.

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

The District has a formal process to reconcile cash collections to the subsidiary ledger and to the general ledger by revenue source by a person who is not responsible for cash collections.

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

- Using Authority collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

All deposits were made within one day of collections.

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

No evidence of exceptions was found during the testing.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the Authority has a process specifically defined (identified as such by the District) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

The District has such a process and is performed by a person not responsible for collections.

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

8. Obtain a listing of Authority disbursements from management or, alternately, obtain the general ledger and sort/filter for Authority disbursements. Obtain management's representation that the listing or general ledger population is complete.

The listing was provided by management.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the Authority had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

Randomly selected 25 disbursements and obtained supporting documentation for each transaction.

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

When applicable, purchases were initiated using a purchase order system.

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

Purchase orders were approved by someone other than the person who initiated the purchase.

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

Purchase orders were approved before any payments for purchases were made and payments had an approved invoice.

10. Using Authority documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the Authority's purchasing/disbursement system.

The individual responsible for processing payment is not prohibited from adding vendors to the system.

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

The individuals with signatory authority and authorization for disbursements have no responsibility to initiate or record purchases.

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

The District's checks are electronically printed on blank check stock. Blank check stock is maintained in a locked location with restricted access. However, persons with signatory authority do have system access to print checks.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

The District does not use a signature stamp. Checks are maintained under the control of the signer or authorized user until mailed.

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

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

The list was provided by management

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the Authority has less than 10 cards) that were used during the fiscal year, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

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

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

The monthly statements were reviewed and approved by someone other than the authorized card holder.

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

No finance charges or late fees were assessed on the selected statements.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:
- An original itemized receipt (i.e., identifies precisely what was purchased).

Each transaction tested was supported by an original itemized receipt.

- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

Each transaction tested had the business/public purpose documented.

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

The District does not have a written policy for credit cards.

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the Authority's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

The District does not have a written purchasing /disbursements policy. All items tested did not require compliance to the Louisiana Public Bid Law.

- c) For each transaction, compare the Authority's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Each transaction tested had the business/public purpose documented.

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal year or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

The listing was provided by management.

18. Obtain the Authority's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

The District reimburses per diem and mileage at the GSA rates.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the Authority does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

For the expense reimbursements tested, those did not exceed the GSA rates.

- b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

Each expense was reimbursed based on an established per diem amount.

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

Each expense was supported by documentation of business/public purpose.

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

All documentation appeared to be in order.

- c) Compare the Authority's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature

of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

The District's documentation of business/public purpose for tested expenses appeared to comply with the requirements of Article 7, Section 14 of the Louisiana Constitution.

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Each expense tested was supported by documentation, approval in writing by someone other than the person receiving reimbursement.

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

The listing was provided by management.

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

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

Of the five highest paid vendors, two did not have formal/written contracts. However, invoices were present for each payment.

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

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the Authority complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

The contracts/vendors complied with public bid law when applicable.

- If no, obtain supporting contract documentation and report whether the Authority solicited quotes as a best practice.

Solicited quotes were obtained when required.

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

One contract was amended. The contract was reduced by \$321,418 for change orders on a construction project. The original contract provided for such an amendment.

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

Payments complied with the invoices/contracts.

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

Documentation provided reflected approval by the Board.

Payroll and Personnel

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

The listing was provided by management.

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

All selected employees were paid in strict accordance with the approved pay rate structure.

- b) Review changes made to hourly pay rates/salaries during the fiscal year and report whether those changes were approved in writing and in accordance with written policy.

There were no changes to pay rate/salaries during the fiscal year.

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

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

All employees/officials documented their daily attendance and leave.

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

All employees/officials' leave was correctly approved.

- c) Report whether there is written documentation that the Authority maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

The District maintained written leave records reflecting the hours earned, the hours used, and the balance available electronically in their payroll system.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

Termination payments for employees tested were made in strict accordance with policy and were approved by management.

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

Documentation reflected that payroll tax and retirement return/reports were timely filed and paid.

Ethics

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the Authority maintained documentation to demonstrate that required ethics training was completed.

Ethics training documentation was maintained where required.

27. Inquire of management whether any alleged ethics violations were reported to the Authority during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the Authority's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Management was not notified of any alleged or actual ethics violations during the fiscal period.

Debt Service

28. If debt was issued during the fiscal year, obtain supporting documentation from the Authority, and report whether State Bond Commission approval was obtained.

No debt was issued during the fiscal year.

29. If the Authority had outstanding debt during the fiscal period, obtain supporting documentation from the Authority and report whether the Authority made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

The District did not have any debt.

30. If the Authority had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

The District did not have any debt.

Other

31. Inquire of management whether the Authority had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the Authority reported the misappropriation to the legislative auditor and the Authority attorney of the parish in which the Authority is domiciled.

Management informed us that the District did not have any misappropriation of public funds or assets during the fiscal year.

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

The District did have the required notice posted in a conspicuous place upon its premises.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

The practitioner did not observe or otherwise identify any exceptions regarding management's representations in the procedures above.

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

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUP's, 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.

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