JOHNSON BAYOU RECREATION DISTRICT
OF CAMERON PARISH
JOHNSON BAYOU, LOUISIANA

ANNUAL FINANCIAL REPORT AND
INDEPENDENT AUDITORS' REPORTS

Year Ended December 31, 2018

GRAGSON, CASIDAY & GUILLORY, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

CONTENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)	3-7
INDEPENDENT AUDITORS' REPORT	8-10
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
Statement of net position	13
Statement of activities	14
FUND FINANCIAL STATEMENTS	
Balance sheet-governmental fund	16
Reconciliation of the balance sheet-Governmental Fund to the statement of net position	17
Statement of revenues, expenditures and changes in fund balance-governmental fund	18
Reconciliation of the statement of revenues, expenditures and changes in fund balance-governmental fund to the statement of activities	19
NOTES TO BASIC FINANCIAL STATEMENTS	20-28
REQUIRED SUPPLEMENTAL INFORMATION	
Budgetary comparison schedule - general fund	30
OTHER INFORMATION	
Schedule of Compensation, Benefits, and Other Payments to Chief Executive Officer	32
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*	33-34
SCHEDULE OF FINDINGS AND RESPONSES	35-36

JOHNSON BAYOU RECREATION DISTRICT OF CAMERON PARISH

Management's Discussion and Analysis

Within this section of the Johnson Bayou Recreation District of Cameron Parish, Louisiana'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, 2018. 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 $6,920,390 (net position) for the fiscal year reported.

- Total revenues of $784,433 were short of total expenses of $791,719, which resulted in a current year deficit of $7,286 compared to a prior year deficit of $116,075.

- Total net position is comprised of the following:

  (1) Net investment in capital assets of $4,939,837 includes property and equipment, net of accumulated depreciation. There is no outstanding debt related to the purchase or construction of capital assets.

  (2) Net position - unrestricted of $1,980,553 represents the portion available to maintain the District's continuing obligations very good to taxpayers and creditors.

- 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.

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. Comparative data is presented when available.

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 tax and from activities that are intended to recover all or a significant portion of their costs through user fees and charges.

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.

The District has one kind of fund:

Governmental fund is 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 fund. 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.

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.

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. This schedule demonstrates compliance with the District's adopted and final revised budget.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Over time, changes in net position may be observed and used to discuss the changing financial position of the District as a whole.

The District's net position at fiscal year-end is $6,920,390. The following table provides a summary of the District's net position:

	2018	2017
Assets:		
Current assets	$ 1,991,108	$ 1,923,020
Capital assets, net	4,939,837	5,021,773
Total assets	6,930,945	6,944,793
Deferred outflows of resources	-	-
Liabilities:		
Current liabilities	10,555	17,117
Deferred inflows of resources	-	-
Net position:		
Net investment in capital assets	4,939,837	5,021,773
Net position - unrestricted	1,980,553	1,905,903
Total net position	$ 6,920,390	$ 6,927,676

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 188.7 to 1 (112.3 to 1 for 2017). Net position decreased by $7,286 for the current year (decreased by $116,075 for 2017). Note that approximately 71% (72% for 2017) of the net position is tied up in capital. The District uses these capital assets to provide services to its taxpayers.

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

	2018	2017
Revenues	$ 784,433	$ 661,503
Expenses	791,719	777,578
Change in Net Position	(7,286)	(116,075)
Beginning Net Position	6,927,676	7,043,751
Ending Net Position	$ 6,920,390	$ 6,927,676

GOVERNMENTAL REVENUES

The District is heavily reliant on property taxes to support governmental operations. Property taxes provided 72% (83% for 2017), excluding intergovernmental revenues of the District's total revenues. As a result, the general economy and the local businesses have a major impact on the District's revenue streams.

BUDGETARY HIGHLIGHTS

The General Fund – The revenue side of the original budget was decreased by $25,666 this year over last year. The primary change in the revenue budget relates to concessions revenue. The expenditure side of the original budget was increased by $14,688 this year from last year, mainly due to capital outlay. The budget was amended once.

The actual revenues were greater than the final budget by $39,046 mainly due to ad valorem taxes. The expenditure budget was more than the actual expenditures by $1,550, mainly due to repairs.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

The District's net investment in capital assets as of December 31, 2018, was $4,939,837. 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.

	2018	2017
Non-depreciable assets:		
Land	$ 18,203	$ 18,203
Construction in progress	61,619	-
Total non-depreciable assets	79,822	18,203
Depreciable assets:		
Buildings	5,694,237	5,690,787
Equipment	251,255	230,045
Total depreciable assets	5,945,492	5,920,832
Less accumulated depreciation	1,085,477	917,262
Book value-depreciable assets	$ 4,860,015	$ 5,003,570
Percentage depreciated	18%	15 %
Book value-all assets	$ 4,939,837	$ 5,021,773

New additions include canopies and a roof over the community center A/C unit. Construction in progress includes a splash pad and a play structure for the playground.

Long-term debt

At the end of the fiscal year, the District had no debt.

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. Since property taxes are considered an "elastic" revenue stream, tax collections are higher in a flourishing economy and are lower in a depressed 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, Heather Trahan, 135 Berwick Road, Johnson Bayou, LA 70631.

GRAGSON, CASIDAY & GUILLORY, LLP
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

June 4, 2019

Board of Commissioners
Johnson Bayou Recreation District of
Cameron Parish
Johnson Bayou, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and major fund of the Johnson Bayou Recreation District of Cameron Parish, a component unit of the Cameron Parish Police Jury, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise Johnson Bayou Recreation District of Cameron Parish'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

145 East Street • Lake Charles, LA 70601
Mailing Address: P.O. Drawer 1847 • Lake Charles, LA 70602-1847
phone: 337.439 1986 • fax: 337.439.1366 • www.gcgcpa.com

overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the Johnson Bayou Recreation District of Cameron Parish as of December 31, 2018, and the respective changes in financial position for the year then ended in accordance with accounting standards 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 supplemental information on pages 3 through 7 and 30 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Johnson Bayou Recreation District of Cameron Parish's basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to Chief Executive Officer is presented on page 32 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 and relates 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

is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated June 4, 2019 on our consideration of the Johnson Bayou Recreation District of Cameron Parish's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Johnson Bayou Recreation District of Cameron Parish's internal control over financial reporting and compliance.

Gragson, Casiday & Guillory

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE
FINANCIAL STATEMENTS

JOHNSON BAYOU RECREATION DISTRICT OF CAMERON PARISH

Statement of Net Position

December 31, 2018

ASSETS	
Cash	$ 1,002,526
Receivables	988,582
Capital assets:	
Land	18,203
Construction in progress	61,619
Capital assets, net	4,860,015
TOTAL ASSETS	6,930,945
DEFERRED OUTFLOWS OF RESOURCES	-
LIABILITIES	
Accounts payable	10,555
DEFERRED INFLOWS OF RESOURCES	-
NET POSITION	
Net investment in capital assets	4,939,837
Net position - unrestricted	1,980,553
TOTAL NET POSITION	$ 6,920,390

The accompanying notes are an integral part of these financial statements.

JOHNSON BAYOU RECREATION DISTRICT OF CAMERON PARISH

Statement of Activities

Year Ended December 31, 2018

Activities	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net Revenues (Expenses) and Changes in Net Position: Governmental Activities
Governmental Activities:				
General government	$ 791,719	$ 98,336	$ -	$ (693,383)
		General Revenues:		
		Property taxes, net		565,154
		Payment in lieu of taxes		112,410
		State revenue sharing		99
		Miscellaneous		6,996
		Interest		1,438
		Total General Revenues		686,097
		Change in Net Position		(7,286)
		Net Position, beginning		6,927,676
		Net Position, ending		$ 6,920,390

The accompanying notes are an integral part of these financial statements.

FUND FINANCIAL STATEMENTS

JOHNSON BAYOU RECREATION DISTRICT OF CAMERON PARISH

Balance Sheet - Governmental Fund

December 31, 2018

	2018	2017
ASSETS		
Cash	$ 1,002,526	$ 970,548
Receivables		
Ad valorem taxes (net)	546,786	510,676
State revenue sharing	146	146
Intergovernmental - FEMA	441,650	441,650
Total Assets	1,991,108	1,923,020
DEFERRED OUTFLOW OF RESOURCES	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 1,991,108	$ 1,923,020
LIABILITIES		
Accounts payable	$ 9,643	$ 14,738
Accrued liabilities	912	2,379
Total Liabilities	10,555	17,117
DEFERRED INFLOW OF RESOURCES	-	-
FUND BALANCE		
Assigned	-	50,000
Unassigned	1,980,553	1,855,903
Total Fund Balance	1,980,553	1,905,903
TOTAL LIABILIITES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 1,991,108	$ 1,923,020

The accompanying notes are an integral part of these financial statements.

JOHNSON BAYOU RECREATION DISTRICT OF CAMERON PARISH

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

December 31, 2018

Total fund balance for governmental fund at December 31, 2018		$ 1,980,553
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	$ 18,203	
Construction in progress	61,619	
Capital assets, net of $1,085,477 accumulated depreciation	4,860,015	4,939,837
Total net position of governmental activities at December 31, 2018		$ 6,920,390

The accompanying notes are an integral part of these financial statements.

JOHNSON BAYOU RECREATION DISTRICT OF CAMERON PARISH

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

Year Ended December 31, 2018

	2018	2017
REVENUES		
Ad valorem taxes - net	$ 565,154	$ 546,767
Payment in lieu of taxes	112,410	-
State revenue sharing	99	41
Concessions income	97,296	110,723
Interest	1,438	1,193
Rental	1,040	1,592
Other	6,996	1,187
TOTAL REVENUES	784,433	661,503
EXPENDITURES		
General Government		
Automobile	101	6,245
Equipment rental	16,945	28,255
Insurance	43,747	41,695
Per diem	360	370
Professional fees	9,025	7,000
Repairs	49,371	73,886
Salaries	278,494	249,378
Special events	18,708	26,856
Supplies - concessions	89,360	75,350
Supplies - office	11,854	8,373
Supplies - other	24,822	27,743
Taxes	23,250	18,741
Telephone	7,542	9,410
Utilities	49,925	37,977
Capital Outlay	86,279	7,633
TOTAL EXPENDITURES	709,783	618,912
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	74,650	42,591
FUND BALANCE - BEGINNING	1,905,903	1,863,312
FUND BALANCE - ENDING	$ 1,980,553	$ 1,905,903

The accompanying notes are an integral part of these financial statements.

JOHNSON BAYOU RECREATION DISTRICT OF CAMERON PARISH

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

Year Ended December 31, 2018

Total net changes in fund balance at December 31, 2018 per Statement of Revenues, Expenditures and Changes in Fund Balance		$ 74,650
The change in net position reported for governmental activities in the statement of activities different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay which is considered expenditures on the Statement of Revenues, Expenditures and Changes in Fund Balance	$ 86,279	
Depreciation expense for the year ended December 31, 2018	(168,215)	(81,936)
Total changes in net position at December 31, 2018 per Statement of Activities		$ (7,286)

The accompanying notes are an integral part of these financial statements.

JOHNSON BAYOU RECREATION DISTRICT OF CAMERON PARISH

Notes to Basic Financial Statements

December 31, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Johnson Bayou Recreation District of Cameron Parish was created by the Cameron Parish Police Jury. The District is governed by a board of five commissioners who are appointed by the Cameron Parish Police Jury. The District establishes regulations governing the park, playground and community center and provides administration, management, maintenance and operations of the facilities.

The more significant of the government's accounting policies are described below.

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 Johnson Bayou Recreation District of Cameron Parish includes all funds, account groups, et cetera, that are within the oversight responsibility of the Johnson Bayou Recreation District of Cameron Parish.

As the governing authority, for reporting purposes, the Cameron 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 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 Cameron 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 Cameron 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 Cameron Parish Police Jury.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2. Organizations for which the Cameron Parish Police Jury does not appoint a voting majority but are fiscally dependent on the Cameron 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.

Based upon the application of these criteria, Johnson Bayou Recreation District of Cameron Parish is a component unit of the Cameron Parish Police Jury's reporting entity.

2. Basis of Presentation

The accompanying basic financial statements of the District 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. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 District has one fund, the General Fund, which is therefore considered its major fund.

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, the activities are presented using the economic resources measurement focus. In the fund financial statements, the "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, the 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.

Governmental fund financial statements are reported using the current financial resources measurement 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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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. At December 31, 2018 the District had $982,531 in deposits (collected bank balances). These deposits were secured from risk by $500,000 of federal deposit insurance and $482,531 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

5. Budgets

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

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

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.

Expenditures may not legally exceed budgeted appropriations at the activity level.

The budget was not amended during 2018.

6. Accounts Receivable

Uncollectible amounts due for ad valorem taxes and 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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

7. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. 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 Improvements	20-40 years
Equipment	5-20 years

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.

8. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the general long-term debt account group. No expenditure is reported for these amounts. In accordance with the provisions of Statement of Financial Accounting Standards No. 43, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement. At December 31, 2018 the District's liability for compensated absences was $0.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

9. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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. Net position – restricted – Consists of net position with constraints placed on the use 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. Net position – unrestricted – All other net position that does not meet the definition of "restricted" or "net investment 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, expenditures are to be spent from restricted fund balance first and then unrestricted. Expenditures incurred in the unrestricted fund balances shall be reduced first from the committed fund balance, then from the assigned fund balance and finally, the unassigned fund balance.

11. Subsequent Events

Management has evaluated subsequent events through June 4, 2019, the date the financial statements were available to be issued.

12. Comparative Data

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

NOTE B - AD VALOREM TAXES

For the years ended December 31, 2018, taxes were levied on property with taxable assessed valuations as follows:

Assessed valuation	$ 90,177,011
Millage	6.50
Total taxes levied	$ 586,152

Property tax millage rates are adopted in July for the calendar year in which the taxes are levied and recorded. All taxes are due and collectible when the assessment rolls are filed on or before November 15th of the current year, and become delinquent after December 31st. Property taxes not paid by the end of February are subject to lien. An allowance for uncollectibles is recorded at $11,330 at December 31, 2018 based on prior year history collections and amounts paid under protest. The millage will expire in 2022.

NOTE C - CAPITAL ASSETS

A summary of changes in capital assets for the year ended December 31, 2018 follows:

	Beginning Of Year	Additions	Deletions	End of Year
Governmental activities:				
Land	$ 18,203	$ -	$ -	$ 18,203
Buildings and Improvements	5,690,787	3,450	-	5,694,237
Equipment	230,045	21,210	-	251,255
Construction in progress	-	61,619	-	61,619
Totals at historical cost	5,939,035	86,279	-	6,025,314
Less accumulated depreciation for:				
Buildings and Improvements	786,980	145,163	-	932,143
Equipment	130,282	23,052	-	153,334
Total accumulated depreciation	917,262	168,215	-	1,085,477
Governmental activities capital assets, net	$ 5,021,773	$ (81,936)	$ -	$ 4,939,837

NOTE D - PER DIEM

As provided by Louisiana Revised Statute 33:4504, the board members received $10 per diem for each regular and special meeting attended, but shall not be paid for more than twelve meetings in each year.

Trahan, Janna	$ 70
Harrington, Wendy	70
Jinks, Adrienne	80
Jinks, Heath	60
Trahan, Jonathan	80
	$ 360

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.

NOTE F – TAX ABATEMENT

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 Cameron 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, 2018. $2,589,790,299 of assessed property in the District's taxing jurisdiction is receiving this exemption, which amounts to $16,833,637 in ad valorem taxes.

REQUIRED SUPPLEMENTAL INFORMATION

JOHNSON BAYOU RECREATION DISTRICT OF CAMERON PARISH

Budgetary Comparison Schedule - General Fund

Year Ended December 31, 2018

	BUDGET	FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES				
Ad valorem taxes - net	$ 545,937	$ 529,044	$ 565,154	$ 36,110
Payment in lieu of taxes	-	112,410	112,410	-
State revenue sharing	800	1,603	99	(1,504)
Concessions income	87,500	97,196	97,296	100
Interest	400	1,316	1,438	122
Rental	1,200	1,040	1,040	-
Other	-	2,778	6,996	4,218
TOTAL REVENUES	635,837	745,387	784,433	39,046
EXPENDITURES				
General Government				
Automobile	4,000	1,844	101	1,743
Equipment rental	15,000	17,233	16,945	288
Hurricane	2,000	-	-	-
Insurance	45,000	43,747	43,747	-
Per diem	600	360	360	-
Professional fees	7,000	9,025	9,025	-
Repairs	48,000	60,674	49,371	11,303
Salaries	250,000	300,490	278,494	21,996
Special events	30,000	17,274	18,708	(1,434)
Supplies - concessions	88,000	94,609	89,360	5,249
Supplies - office	9,500	11,465	11,854	(389)
Supplies - other	30,000	35,928	24,822	11,106
Taxes	-	820	23,250	(22,430)
Telephone	9,500	7,542	7,542	-
Utilities	35,000	48,703	49,925	(1,222)
Capital Outlay	60,000	61,619	86,279	(24,660)
TOTAL EXPENDITURES	633,600	711,333	709,783	1,550
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,237	34,054	74,650	40,596
FUND BALANCE - BEGINNING	1,905,903	1,905,903	1,905,903	-
FUND BALANCE - ENDING	$ 1,908,140	$ 1,939,957	$ 1,980,553	$ 40,596

OTHER INFORMATION

JOHNSON BAYOU RECREATION DISTRICT OF CAMERON PARISH

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

Year Ended December 31, 2018

Chief Executive Officer: Heather Trahan, Director

Purpose	Amount
Salary	$ 23,250
Benefits-insurance	-
Benefits-retirement	-
Benefits-cell phone	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing Unvouchered expenses	-
Special meals	-

GRAGSON, CASIDAY & GUILLORY, LLP
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*

June 4, 2019

To the Board of Commissioners
Johnson Bayou Recreation District of Cameron Parish
Johnson Bayou, 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 Johnson Bayou Recreation District of Cameron Parish, a component unit of the Cameron Parish Police Jury, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise Johnson Bayou Recreation District of Cameron Parish's basic financial statements, and have issued our report thereon dated June 4, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Johnson Bayou Recreation District of Cameron Parish'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 Johnson Bayou Recreation District of Cameron Parish's internal control. Accordingly, we do not express an opinion on the effectiveness of Johnson Bayou Recreation District of Cameron Parish'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material

145 East Street • Lake Charles, LA 70601
Mailing Address: P.O. Drawer 1847 • Lake Charles, LA 70602-1847
phone: 337.439 1986 • fax: 337.439.1366 • www.gcgcpa.com

weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Johnson Bayou Recreation District of Cameron Parish'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.*

Johnson Bayou Recreation District of Cameron Parish's Response to Findings

Johnson Bayou Recreation District of Cameron Parish's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Gragson, Casiday & Guillory

JOHNSON BAYOU RECREATION DISTRICT OF CAMERON PARISH

Schedule of Findings and Responses

Year Ended December 31, 2018

I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unmodified

Internal control over financial reporting:		
• Material weakness(es) identified?	_____ yes	_X_ no
• Control deficiency(s) identified that are not considered to be material weakness(es)?	_X_ yes	____ none reported
Noncompliance material to financial statements noted?	____ yes	_X_ no

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

Finding 2018-1:

Inadequate Segregation of Duties

Condition: Because of the small size of the District's office staff, the opportunity for segregation of duties is limited. Effective internal control requires adequate segregation of duties among entity personnel.

Effect: Without proper segregation of duties, misstatements in amounts may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Recommendation: To the extent cost effective, duties should be segregated and management should attempt to mitigate this weakness by supervision and review procedures.

Corrective Action Planned: Management has responded that it does not believe that it is cost effective to employ adequate personnel to achieve appropriate segregation of duties. Management has implemented supervision and review procedures such as review and approval of supporting documents related to expenditures, review listings of revenue received and review of bank reconciliations on a monthly basis.

JOHNSON BAYOU RECREATION DISTRICT OF CAMERON PARISH

Schedule of Findings and Responses – Continued

Year Ended December 31, 2018

III – Federal Award Findings and Responses

- None

IV – Prior Year Audit Findings

Finding 2017-001:

Proper segregation of duties for effective internal controls is not in place.

Corrective Actions Taken: None, a repeat finding in 2018.

Finding 2017-002:

Payroll reporting.

Corrective Actions Taken: Satisfactorily corrected.

GRAGSON, CASIDAY & GUILLORY, LLP
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 ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

Board of Commissioners
Johnson Bayou Recreation District of Cameron Parish
Johnson Bayou, Louisiana

June 4, 2019

We have performed the procedures included enumerated below, which were agreed to by the Johnson Bayou Recreation District of Cameron Parish and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal year January 1, 2018 through December 31, 2018. The District's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations

   a) *Budgeting*, including preparing, adopting, monitoring, and amending the budget.

      The District has a complete written 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 has a complete written policies and procedures manual.

   c) *Disbursements*, including processing, reviewing, and approving.

      The District has a complete written policies and procedures manual.

   d) *Receipt/Collections,* including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmations with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequence, agency fund forfeiture monies confirmation).

145 East Street • Lake Charles, LA 70601
Mailing Address: P.O. Drawer 1847 • Lake Charles, LA 70602-1847
phone: 337.439 1986 • fax: 337.439.1366 • www.gcgcpa.com

The District has a complete written policies and procedures manual.

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

The District has a complete written 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 has a complete written 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 (.e.g., determining the reasonableness of fuel card purchases).

The District has a complete written 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 has a complete written 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 entity's ethics policy.

The District has a complete written policies and procedures manual.

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

The District has a complete written policies and procedures manual.

Board or Finance Committee

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

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

The District met monthly in accordance with the board's established policy.

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

The minutes did not reference or include monthly budget-to-actual comparisons.

Management response: The District will implement a policy to review monthly budget-to-actual comparisons at the board meetings and document it in the minutes.

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

The District did not have a negative fund balance in the general fund in the prior year.

Bank Reconciliations

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

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

No exceptions.

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

Bank reconciliations did include evidence that a member of management/board member reviewed each reconciliation.

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

Management has not documented research items outstanding for more than 12 months from the statement closing date.

Management Response: Management has subsequently reviewed and voided old outstanding checks from prior years.

Collections

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/check/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

The listing was provided by management.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select on collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe the job duties are properly segregated at each collection location such that:

   a) Employees that are responsible for cash collections do not share cash drawers/registers.

      The District shares a cash drawer.

      Management Response: The District employs only one office staff personnel who performs all accounting functions of payments, collections, deposits and recording. The District does not have the financial resources to employ more personnel to maintain adequate segregation of duties. Board review of disbursements on a monthly basis minimizes exposure to errors and misappropriation of funds.

   b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

      The employee responsible for collecting cash is responsible for preparing/making bank deposits.

      Management Response: The District employs only one office staff personnel who performs all accounting functions of payments, collections, deposits and recording. The District does not have the financial resources to employ more personnel to maintain adequate segregation of duties. Board review of disbursements on a monthly basis minimizes exposure to errors and misappropriation of funds.

   c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledger, unless another employee/official is responsible for reconciling leger postings to each other and to the deposit.

      The employee responsible for collecting cash is responsible for posting collection entries to the general ledger.

      Management Response: The District employs only one office staff personnel who performs all accounting functions of payments, collections, deposits and recording. The District does not have the financial resources to employ more personnel to maintain adequate segregation of duties. Board review of disbursements on a monthly basis minimizes exposure to errors and misappropriation of funds.

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

The employee responsible for reconciling cash collections to the general ledger is responsible for collecting cash.

Management Response: The District employs only one office staff personnel who performs all accounting functions of payments, collections, deposits and recording. The District does not have the financial resources to employ more personnel to maintain adequate segregation of duties. Board review of disbursements on a monthly basis minimizes exposure to errors and misappropriation of funds.

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

   All employees are covered by an errors and omissions policy.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made no the same day). Obtain supported documentation for each of the deposits and:

   a) Observe that receipts are sequentially pre-numbered.

      No exceptions.

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

      No exceptions.

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

      No exceptions.

   d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than $100).

      Deposits were greater than $100, collections occur 6 days per week, and made biweekly. The depository is more than 10 miles from the collection location.

      Management Response: The board will consider making the deposits weekly.

   e) Trace the actual deposit per the bank statement to the general ledger.

      No exceptions.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements and petty cash purchases)

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

   The listing was provided by management.

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

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

      Purchase orders are not utilized. At least two employees are not involved in making/approving purchases.

      Management Response: The District employs only one office staff personnel who performs all accounting functions of payments, collections, deposits and recording. The District does not have the financial resources to employ more personnel to maintain adequate segregation of duties. Board review of disbursements on a monthly basis minimizes exposure to errors and misappropriation of funds.

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

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

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

      The employee responsible for processing payments is not prohibited from adding/modifying vendor files. Another employee is not responsible for periodically reviewing changes to vendor files.

      Management Response: The District employs only one office staff personnel who performs all accounting functions of payments, collections, deposits and recording. The District does not have the financial resources to employ more personnel to maintain adequate segregation of duties. Board review of disbursements on a monthly basis minimizes exposure to errors and misappropriation of funds.

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

      The employee responsible for processing payments mails payments.

Management Response: The District employs only one office staff personnel who performs all accounting functions of payments, collections, deposits and recording. The District does not have the financial resources to employ more personnel to maintain adequate segregation of duties. Board review of disbursements on a monthly basis minimizes exposure to errors and misappropriation of funds.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

    a) Observe that the disbursement matched the related original invoice/billing statement.

    No exceptions.

    b) Observe that the disbursement documentation included evidence (e.g. initial/date, electronic logging) of segregation of duties tested under #9 as applicable.

    Items tested included evidence of above.

    Management Response: The District employs only one office staff personnel who performs all accounting functions of payments, collections, deposits and recording. The District does not have the financial resources to employ more personnel to maintain adequate segregation of duties. Board review of disbursements on a monthly basis minimizes exposure to errors and misappropriation of funds.

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

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), 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 listing was provided by management.

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

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

    One original receipt was missing from one of the two statements.

Management response: Management will review the credit card statements and verify that original receipts are attached for all transactions.

b) Observe that finance charges and/or late fees were assessed on the selected statements.

No finance charges and/or late fees were assed on the months tested.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observed that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

All transactions tested had original itemized receipts attached to the statement with written documentation of the business/public purpose. None of the items tested were meal charges.

Travel and Travel-Related Expense Reimbursements (Excluding card transactions)

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

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

Per diem rates used by the District agree the GSA rates.

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

Not applicable, all travel reimbursements tested used per diem not actual costs.

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

No exceptions.

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

No exceptions.

Contracts

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

    a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

    The contract was bid in accordance with the Louisiana Public Bid Law.

    b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

    The contract was approved by the governing board.

    c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

    The contract was not amended during the fiscal year.

    d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

    No exceptions.

Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select five employees/officials, obtain their paid salaries and personnel files, and agree paid salaries to the authorized pay rates in the personnel files.

    The listing was provided by management. All salaries where paid in accordance to authorized payrates.

17. Randomly select on pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

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

All employees tested had documentation of daily attendance. The District's employees do not accrue leave.

b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

No exceptions.

c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

Not applicable, the District's employees do not accrue leave.

18. Obtain a listing of those employees/officials that received termination pay during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulate leave records, and agree the payrates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

There were no terminations in current fiscal period.

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Management's representation was obtained.

Ethics

20. Using the five randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management and:

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

All employees selected for testing maintained the documentation of completion of the required one-hour ethics training on the Code of Governmental Ethics as required by Louisiana Revised Statute 42:1170 (3)(a)(i).

b) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

The District did not have signature verification that employees had read the ethics policy.

Management response: The District will have employees read and sign the ethics policy.

Debt Service

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

    No debt was issued during the fiscal year.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select on bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

    The District had no outstanding debt during the fiscal year.

Other

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

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

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

    The District has the required notice posted in a conspicuous place upon its premises. The District does not have a website.

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

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

Dragon, Cassidy & Dilloy