

**RECREATION DISTRICT NO. 2**  
**OF LIVINGSTON PARISH**

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

**DECEMBER 31, 2018**

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## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Recreational District No. 2 of  
Livingston Parish  
Livingston Parish Council  
Watson, Louisiana

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

We have audited the accompanying financial statements of the governmental activities, the major fund (the General Fund), and the budgetary comparison statement of the General Fund of the Recreation District No. 2 of Livingston Parish, State of Louisiana, “the District,” a component unit of the Livingston Parish Council, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

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

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

### ***Auditor’s Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund (the General Fund) of the Recreation District No. 2 of Livingston Parish, State of Louisiana as of December 31, 2018, and the respective budgetary comparison for the General Fund and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

We have previously audited the District's December 31, 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 13, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

### ***Other Matters***

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2019, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Respectfully submitted,

*Hannis T. Bourgeois, LLP*

Denham Springs, Louisiana  
June 12, 2019

Recreation District No. 2 of Livingston Parish  
Watson, LA  
Management's Discussion and Analysis  
December 31, 2018

This section of the Recreation District No. 2 of Livingston Parish's (the District) annual financial report represents our discussion and analysis of the District's financial activities for the year ended December 31, 2018. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the detailed financial statements.

**FINANCIAL HIGHLIGHTS**

- \* Net Position on December 31, 2018 and 2017 was \$3,400,748 and \$3,168,270 respectively.
- \* The Net Position of the Governmental Activities showed an increase of \$232,478 in 2018, and an increase of \$223,830 in 2017.
- \* The total General Fund balance at December 31, 2018 was \$1,614,439. This reflects an increase in 2018 to the General Fund of \$306,894 or 23.48%. In 2017, the General Fund balance increased \$98,508 or 8.15%.
- \* At the end of 2018, Unassigned General Fund Balance of \$1,614,439 represents 179% of total General Fund Expenditures.
- \* The District's 2018 ad valorem tax revenue increased by 1.98%, while experiencing an increase of 6.44% in 2017. The ad valorem tax revenue totaled \$1,015,993 in 2018 and \$996,290 in 2017, representing 84.21% and 85.61% of the total revenues in each of the respective years.

**OVERVIEW OF FINANCIAL STATEMENTS**

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

**Government-wide financial statements** are designed by GASB Statement 34 to change the way in which governmental financial statements are presented. It now provides readers for the first time a concise “entity-wide” Statement of Net Position and Statement of Activities, seeking to give the user of the financial statements a broad overview of the District’s financial position and results of operations in a manner similar to a private-sector business.

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

The *Statement of Activities* presents information showing how the District’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and accrued but unpaid interest).

The government-wide financial statements can be found on pages 10 - 11 of this report.

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

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

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

The District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 12-16 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 17 - 29 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

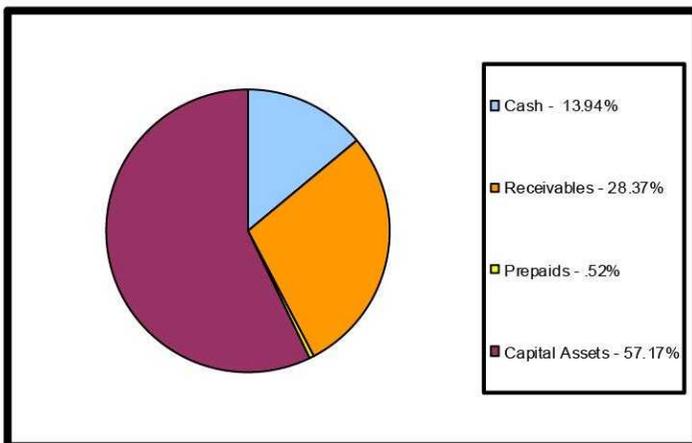
**STATEMENT OF NET POSITION**

The following is a schedule of the District’s net position at December 31, 2017 and 2018. Net position is calculated by taking the difference between the total assets and total liabilities. The District’s assets exceeded its liabilities at the close of 2018 by a total of \$3,400,748.

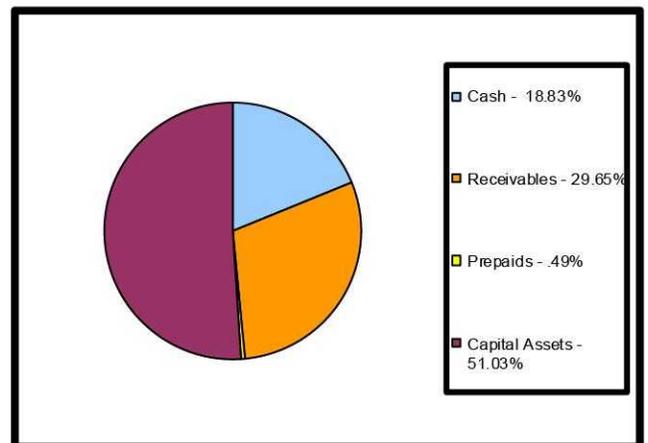
	<u>2018</u>	<u>2017</u>	<u>Increases (Decreases)</u>
Cash and Cash Equivalents and Investments	\$ 652,563	\$ 449,419	\$ 203,144
Receivables, Net of Allowances	1,028,097	915,090	113,007
Prepaid Expenses	16,917	16,866	51
Capital Assets, Net of Accumulated Depreciation	1,769,392	1,843,859	(74,467)
<b>Total Assets</b>	<b>3,466,969</b>	<b>3,225,234</b>	<b>241,735</b>
<b>Current Liabilities</b>	<b>66,221</b>	<b>56,964</b>	<b>9,257</b>
<b>Total Liabilities</b>	<b>66,221</b>	<b>56,964</b>	<b>9,257</b>
<b>Net Position:</b>			
Net Investment in Capital Assets	1,769,392	1,843,859	(74,467)
Unrestricted	1,631,356	1,324,411	306,945
<b>Total Net Position</b>	<b>\$ 3,400,748</b>	<b>\$ 3,168,270</b>	<b>\$ 232,478</b>

The District’s assets are reflected on the following charts:

**2017**



**2018**



## STATEMENT OF ACTIVITIES

The District provides recreational facilities, activities and programs for the area citizens. Included in this are both revenue and non-revenue producing activities. Most of the funding for the District's operation and maintenance is provided by property taxes and public based program fees.

Property taxes are the largest source of revenue for the District. The District collects 15 mills for the operation and maintenance of the park system. This money is put into the General Fund and is used to pay for the operation and maintenance of the park system. The operation and maintenance mills must be renewed every ten years. In May 2015, the voters continued the millage for an additional period of 10 years, to the year 2024.

Other sources of revenue for the District include ball field rental fees, concessions, grants, and interest on investments. The following chart shows the major source of revenues and expenses.

### **Condensed Statement of Activities**

	<u>2018</u>	<u>2017</u>	<u>Increases (Decreases)</u>
Revenues:			
Program Revenues	\$ 181,815	\$ 157,736	\$ 24,079
General Revenues	1,024,790	1,006,064	18,726
	<u>1,206,605</u>	<u>1,163,800</u>	42,805
Expenses			
Parks and Recreation	888,397	858,496	29,901
Depreciation	85,730	81,474	4,256
	<u>974,127</u>	<u>939,970</u>	34,157
Total Net Position	<u>\$ 232,478</u>	<u>\$ 223,830</u>	<u>\$ 8,648</u>

### REVENUES

- 2018 Property tax revenue increased \$19,703 or 1.98% from the previous year.
- In 2018, the District received interest income totaling \$8,797 on cash reserves.
- In 2018, the District received no grant revenue.
- In 2018, the District's program and tournament revenue totaled \$146,822 or a 10.54% increase from the previous year totals.

## EXPENSES

Total expenses increased by \$34,157 or 3.63%. This increase was due to various increases and decreases in expenses as outlined below.

- Salaries and related expenses increased \$23,717 with an addition to staff.
- Repairs and maintenance costs decreased by \$15,746.
- Program expenses increased by \$12,312.
- Bank charges increased by \$4,501 for trust fee increases.
- Insurance and utilities increased by \$7,322.
- Legal and Accounting, Miscellaneous, and Assessor's Pension Fund increased by \$7,337.
- Intergovernmental transfer decreased by \$15,742 due to new bonds payment schedule.
- Rentals increased \$6,105.

## BUDGETARY HIGHLIGHTS

- The final amended budget for revenues reflects an increase of \$43,400. Ad valorem tax revenues were increased by \$19,500 and program and tournament revenue was increased by \$13,000. Ball field rental revenue was increased by \$6,000. All other revenue items were increased by a net of \$4,900.
- In 2018, the District's actual revenues were less than the final budget by \$4,995. Ad valorem taxes remain steady and have rebounded after the property valuation adjustments by the assessor regarding the August 2016 flood impact.
- The final amended budget for expenditures in 2018 reflects a decrease of \$223,300. The majority of the budget decrease was because capital improvements were not made as originally planned for resulting in a decrease of \$172,900. In 2018, actual final capital outlay expenditure was greater than amended budget by \$4,163, an unfavorable variance.
- Total actual expenditures and capital outlay were less than final amended budget expenditures by \$14,989, a favorable variance. A decrease in repairs and maintenance comprised \$10,583 of this favorable variance total.

## CAPITAL ASSETS

**Capital assets.** The District's investment in capital assets as of December 31, 2018 and 2017, amounts to \$1,769,392 and \$1,843,859, respectively (net of accumulated depreciation). The net decrease in the District's net investment in capital assets for 2018 was \$74,467 and is composed of a net \$11,263 of additions, less depreciation expense of \$85,730, and with no dispositions.

Major capital asset events during 2018 included the following:

- Purchase of point of sale equipment \$4,209
- Purchase of playground equipment \$7,054

## **FUTURE EXPENSES**

The District is committed to previous years' goals of accomplishing proper maintenance to the existing park facilities for the new population demand being experienced. The extreme growth in the number of homeowners in the District and the additional population wishing to use the park facilities will require continued support facilities and future upgrades for parking, etc. Construction of phase one of the master plan expansion of field complexes was completed in 2012. A Cooperative Endeavor agreement between the District and the Parish Council directs the District to transfer amounts to the Livingston Parish Council which in turn will be used to retire the debt. Additional funding was accomplished through the issuance of bonds in 2017 which allowed the District to purchase new land and to complete construction of a turf surface on many fields. The District also is overseeing the basketball, football, baseball, soccer, kick ball, competitive tournament play and other innovation recreation programs in 2019 and beyond. The District is responsible for running the programs and providing facilities to the public to achieve recreational goals. Additional park improvements will be addressed in 2019-2020 as capital improvements such as land improvements for soccer program space and facilities on the new land. Additional improvements will be made as well in future years involving additional playground equipment, lighting, general equipment upgrades, parking lot improvements, and ultimately a gymnasium (multi-purpose center).

## **REQUESTS FOR INFORMATION**

The financial report is designed to provide our citizens and creditors with a general overview of the District's finances and reveal the Recreation District's accountability for the money received through its operations. If there are any questions about this report or need of additional financial information, contact Administrative Secretary, Randall Smith, P. O. Box 54, Watson, LA 70786.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**RECREATION DISTRICT NO. 2 OF  
LIVINGSTON PARISH**

**STATEMENT OF NET POSITION**

DECEMBER 31, 2018

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2017)

<b><u>ASSETS</u></b>	<b>Governmental Activities</b>	
	2018	2017
Cash and Cash Equivalents	\$ 652,563	\$ 449,419
Property Tax Receivables	1,004,047	874,461
Accounts Receivable - Other	272	18,092
Due from Primary Government	23,778	22,537
Prepaid Insurance	16,917	16,866
Capital Assets (Net of Accumulated Depreciation)	1,769,392	1,843,859
Total Assets	\$ 3,466,969	\$ 3,225,234
<b><u>LIABILITIES</u></b>		
Accounts Payable	\$ 66,221	\$ 56,964
Total Liabilities	66,221	56,964
<b><u>NET POSITION</u></b>		
Net Investment in Capital Assets	1,769,392	1,843,859
Unrestricted	1,631,356	1,324,411
Total Net Position	3,400,748	3,168,270
Total Liabilities and Net Position	\$ 3,466,969	\$ 3,225,234

The accompanying notes are an integral part of this statement.

**RECREATION DISTRICT NO. 2 OF  
LIVINGSTON PARISH**

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2018

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2017)

<b><u>Governmental Activities:</u></b>	<u>2018</u>	<u>2017</u>
<b>Expenses:</b>		
Parks and Recreation	\$ 888,397	\$ 858,496
Depreciation	<u>85,730</u>	<u>81,474</u>
Total Expenses	974,127	939,970
<b>Program Revenues:</b>		
Charges for Services	<u>181,815</u>	<u>157,736</u>
Net Program Expense	792,312	782,234
<b>General Revenues:</b>		
Taxes - Property	1,015,993	996,290
Interest Income	<u>8,797</u>	<u>9,774</u>
Total General Revenues	<u>1,024,790</u>	<u>1,006,064</u>
Change in Net Position	232,478	223,830
<b>Net Position - Beginning of Year</b>	<u>3,168,270</u>	<u>2,944,440</u>
<b>Net Position - End of Year</b>	<u><u>\$ 3,400,748</u></u>	<u><u>\$ 3,168,270</u></u>

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

**RECREATION DISTRICT NO. 2 OF  
LIVINGSTON PARISH**

**BALANCE SHEET - GENERAL FUND**

DECEMBER 31, 2018

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2017)

	<u>2018</u>	<u>2017</u>
<b><u>ASSETS</u></b>		
Cash and Cash Equivalents	\$ 652,563	\$ 449,419
Property Tax Receivables	1,004,047	874,461
Accounts Receivable-Other	272	18,092
Due From Primary Government	23,778	22,537
Total Assets	<u>\$ 1,680,660</u>	<u>\$ 1,364,509</u>
 <b><u>LIABILITIES AND FUND BALANCE</u></b>		
<b>Liabilities:</b>		
Accounts Payable	<u>\$ 66,221</u>	<u>\$ 56,964</u>
Total Liabilities	66,221	56,964
 <b>Fund Balance:</b>		
Unassigned	<u>1,614,439</u>	<u>1,307,545</u>
Total Fund Balance	<u>1,614,439</u>	<u>1,307,545</u>
Total Liabilities and Fund Balance	<u>\$ 1,680,660</u>	<u>\$ 1,364,509</u>

The accompanying notes are an integral part of this statement.

**RECREATION DISTRICT NO. 2  
OF LIVINGSTON PARISH**

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

DECEMBER 31, 2018

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2017)

	<u>2018</u>	<u>2017</u>
<b>Fund Balance - Total Governmental Fund</b>	\$ 1,614,439	\$ 1,307,545
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:		
Capital Assets Used in Governmental Activities are not Financial Resources and Therefore are not Reported in the Funds		
Governmental Capital Assets	2,737,752	2,726,489
Less: Accumulated Depreciation	<u>(968,360)</u>	<u>(882,630)</u>
	1,769,392	1,843,859
 Prepaid Insurance	 <u>16,917</u>	 <u>16,866</u>
<b>Net Position of Governmental Activities</b>	 <u><u>\$ 3,400,748</u></u>	 <u><u>\$ 3,168,270</u></u>

The accompanying notes are an integral part of this statement.

**RECREATION DISTRICT NO. 2 OF  
LIVINGSTON PARISH**

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

FOR THE YEAR ENDED DECEMBER 31, 2018

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2017)

	<u>2018</u>	<u>2017</u>
<b>Revenues:</b>		
Ad Valorem Tax, Net	\$ 1,015,993	\$ 996,290
Ballfield Rental	12,475	4,195
Program Revenue	75,467	81,838
Tournament Revenue	71,355	50,988
Interest	8,797	9,774
Concessions	16,577	16,723
Miscellaneous	5,941	3,992
Total Revenues	<u>1,206,605</u>	<u>1,163,800</u>
<b>Expenditures:</b>		
Parks and Recreations:		
Payroll and Payroll Taxes	199,168	174,951
Commissioner Per Diem	5,800	6,300
Bank Charges	12,501	8,000
Insurance	27,934	25,553
Legal and Accounting	30,147	25,668
Miscellaneous	1,778	920
Assessor's Pension Fund	40,701	38,701
Program Expenses	121,905	109,593
Rent	8,913	2,808
Repairs and Maintenance	102,917	118,663
Supplies and Small Equipment	3,677	5,603
Travel	-	359
Intergovernmental Transfer	280,610	296,352
Utilities	52,397	47,456
	<u>888,448</u>	<u>860,927</u>
Capital Outlay	11,263	204,365
Total Expenditures	<u>899,711</u>	<u>1,065,292</u>
Excess of Revenues over Expenditures	<u>306,894</u>	<u>98,508</u>
Net Change in Fund Balance	306,894	98,508
<b>Fund Balance at Beginning of Year</b>	<u>1,307,545</u>	<u>1,209,037</u>
<b>Fund Balance at End of Year</b>	<u><u>\$ 1,614,439</u></u>	<u><u>\$ 1,307,545</u></u>

The accompanying notes are an integral part of this statement.

**RECREATION DISTRICT NO. 2  
OF LIVINGSTON PARISH**

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

FOR THE YEAR ENDED DECEMBER 31, 2018

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2017)

	2018	2017
<b>Net Change in Fund Balance - Total Governmental Fund</b>	\$ 306,894	\$ 98,508
<p>Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.</p>		
Capital Outlays	11,263	204,365
Depreciation Expense	(85,730)	(81,474)
Change in Prepaid Insurance	51	2,431
<b>Change in Net Position of Governmental Activities</b>	<b>\$ 232,478</b>	<b>\$ 223,830</b>

The accompanying notes are an integral part of this statement.

**RECREATION DISTRICT NO. 2  
OF LIVINGSTON PARISH**

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

FOR THE YEAR ENDED DECEMBER 31, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
<b>Revenues:</b>				
Ad Valorem Tax, Net	\$ 997,500	\$1,017,000	\$1,015,993	\$ (1,007)
Ballfield Rental	5,200	11,200	12,475	1,275
Program Revenue	84,000	77,000	75,467	(1,533)
Tournament Revenue	55,000	75,000	71,355	(3,645)
Interest	9,000	9,000	8,797	(203)
Concessions	17,000	17,700	16,577	(1,123)
Miscellaneous	500	4,700	5,941	1,241
Total Revenues	1,168,200	1,211,600	1,206,605	(4,995)
<b>Expenditures:</b>				
Parks and Recreation:				
Payroll and Payroll Taxes	193,000	199,500	199,168	332
Commissioner Per Diem	8,400	6,000	5,800	200
Bank Charges	2,000	12,500	12,501	(1)
Insurance	38,000	29,700	27,934	1,766
Legal and Accounting	36,000	33,000	30,147	2,853
Miscellaneous	1,000	-	1,778	(1,778)
Assessor's Pension Fund	40,500	39,500	40,701	(1,201)
Program Expenses	109,000	130,200	121,905	8,295
Rent	3,000	7,000	8,913	(1,913)
Repairs and Maintenance	129,000	113,500	102,917	10,583
Supplies and Small Equipment	4,100	3,700	3,677	23
Travel	500	-	-	-
Intergovernmental Transfer	338,000	279,500	280,610	(1,110)
Utilities	55,500	53,500	52,397	1,103
	958,000	907,600	888,448	19,152
Capital Outlay	180,000	7,100	11,263	(4,163)
Total Expenditures	1,138,000	914,700	899,711	14,989
Excess of Revenues over Expenditures	30,200	296,900	306,894	9,994
<b>Fund Balance at Beginning of Year</b>	1,307,545	1,307,545	1,307,545	-
<b>Fund Balance at End of Year</b>	\$1,337,745	\$1,604,445	\$1,614,439	\$ 9,994

The accompanying notes are an integral part of this statement.

**RECREATION DISTRICT NO. 2 OF  
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018

**(1) Summary of Significant Accounting Policies -**

The Recreation District No. 2 “the District” is a corporate body created by the Livingston Parish Council as provided by Louisiana Revised Statutes. The District is governed by a board of five commissioners who are appointed by the Livingston Parish Council.

The financial statements of the District have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. On June 30, 2018, the GASB issued a codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of these accounting policies are described below and, where appropriate, subsequent pronouncements will be referenced.

A. Financial Reporting Entity

This report includes all funds which are controlled by or dependent on the District's Board of Commissioners. Control by or dependence on the board was determined on the basis of taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility.

In conformance with Governmental Accounting Standards Board, Statement 61, the District is a component unit of the Livingston Parish Council, the governing body of the parish. The accompanying financial statements present information only on the funds maintained by the Recreation District and do not present information on the Council and the general government services provided by that governmental unit.

B. Basis of Presentation

Basic Financial Statements - Government-Wide Statements

The Recreation District’s basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District’s major fund). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. There were no activities of the District categorized as a business-type activity.

**RECREATION DISTRICT NO. 2 OF  
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

In the government-wide Statement of Net Position, the governmental activity column (a) is presented on a consolidated basis by column, (b) and is reported on a full accrual, economic resource basis.

The government-wide Statement of Activities reports both the gross and net cost of the District's functions. The Statement of Activities reduces gross expenses by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while capital grants reflects capital-specific grants.

The net costs (by function) are normally covered by general revenue (taxes, interest and investment earnings, etc.).

The District does not allocate indirect costs.

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

Basic Financial Statements - Fund Financial Statements

The financial transactions of the District are reported in an individual fund in the fund financial statements. This fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures. This fund is reported by generic classification within the financial statements.

The District uses the following fund type:

**Governmental Funds:**

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental fund of the District:

The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. At December 31, 2018, it is the only fund of the District.

**RECREATION DISTRICT NO. 2 OF  
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

C. Basis of Accounting and Measurement Focus

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

**1. Accrual -**

The governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Revenues of the District consist principally of property taxes, charges for services and interest income. Interest income is recorded when earned. Property taxes are recorded as revenues when levied even though a portion of the taxes may be collected in subsequent years.

**2. Modified Accrual -**

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means that the amount of the transaction can be determined and "available" means that the amount of the transaction is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. A sixty day availability period is used for all governmental fund type revenues. Expenditures are recorded when the related fund liability is incurred. Depreciation is not recognized in the Governmental Fund Financial Statements.

D. Capital Assets

Capital assets are reported in the government-wide financial statements at historical cost. Additions, improvements or other capital outlays costing at least \$1,000 and significantly extend the useful life of an asset are capitalized. Costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on a straight line basis over the following estimated useful lives:

Buildings	20 to 40 years
Parking Area	20 years
Fencing, Lighting, Bleachers and Equipment	5 to 30 years
Vehicles	5 years

**RECREATION DISTRICT NO. 2 OF  
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

E. Budgetary Practices

The District utilizes the following budgetary practices:

The Administrative Secretary prepares the annual budget which is based on what is expected to be collected and/or levied during the fiscal year and is approved by the Board. The adopted budget constitutes the authority of the Recreation District No. 2 to incur liabilities and authorize expenditures from the respective budgeted funds. Additionally, certain expenditures are approved monthly by the Board before payment.

All budget amounts presented in the financial statements have been adjusted for legally authorized revisions of the annual budget during the year.

F. 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.

G. Summary Financial Information for 2017 and Reclassification

The financial statements include certain prior year summarized information in total. Such information does not include sufficient details to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended December 31, 2017, from which the summarized information was derived.

Certain items in the 2017 columns have been reclassified to conform to the presentation in the current year financial statements. Such reclassifications had no effect on previous reported excess of revenues and other sources over expenditures and other uses or change in net position.

H. Fund Balance

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

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

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

**RECREATION DISTRICT NO. 2 OF  
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

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

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

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

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

**(2) Cash and Cash Equivalents -**

For reporting purposes, cash and cash equivalents include cash, demand deposits, and time certificates of deposit. Under state law the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, any other state in the union, or under the laws of the United States. Further, the District may invest in time deposits or certificates of deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

As confirmed by the fiscal agents, the District had cash and cash equivalents totaling \$670,300 with a carrying amount of \$652,563 at December 31, 2018. Cash and cash equivalents are stated at cost, which approximates market. These deposits must be secured under state law by federal deposit insurance or the pledge of securities owned by the bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank. The following is a summary of cash and cash equivalents at December 31, 2018:

	Book Balance	Bank Balance
Cash Held	\$ 700	\$ -
Demand Deposits and Savings Accounts	651,863	670,300
	\$ 652,563	\$ 670,300

**Custodial Credit Risk - Deposits.** In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. To mitigate this risk, state law requires for these deposits (or the resulting bank balances) to be secured by federal deposit insurance or the pledge of securities by the fiscal agent bank. The market value of the pledged

**RECREATION DISTRICT NO. 2 OF  
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. The pledged securities are deemed by Louisiana State Law to be under the control and possession and in the name of the District regardless of its designation by the financial institution in which it is deposited. As of December 31, 2018, none of the District's bank balance of \$670,300 was exposed to custodial credit risk.

**(3) Property Taxes -**

On May 2, 2015, an election was held whereby the voters of Recreation District No. 2 of Livingston Parish approved the renewal of the 10 year 15.00 mill ad valorem tax assessed on all property subject to taxation within the District for the purpose of "constructing, improving, maintaining, and operating the District's recreational facilities governed by the District." This assessment began in the year 2015 and will end with the year 2024.

Property taxes attach as an enforceable lien on property as of January 1, of each year. Taxes are levied in September or October and are actually billed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year.

The District's taxes are collected by the Livingston Parish Tax Collector and are remitted to the District monthly. Total taxes assessed and taxes receivable at December 31, 2018 are as follows:

Revenues:

Assessed Valuation	\$ 68,864,693
x Assessed Millage	<u>      x 15.00M</u>
Ad Valorem Taxes Assessed	1,032,970
Less: Estimated Uncollectible	<u>      (28,923)</u>
Net Current Year Ad Valorem Tax	1,004,047
Additional Prior Year Taxes Collected in 2018	<u>      11,946</u>
Ad Valorem Tax Revenues	<u>      \$ 1,015,993</u>

Receivable:

Net Current Year Ad Valorem Taxes	\$ 1,004,047
Less: Amounts Collected Before December 31	<u>      -</u>
Property Tax Receivable, Net of Allowance	<u>      \$ 1,004,047</u>

**RECREATION DISTRICT NO. 2 OF  
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

**(4) Changes in Capital Assets -**

Capital asset activity for the year ended December 31, 2018 is as follows:

<u>Governmental Activities</u>	<u>Balance December 31, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2018</u>
Capital Assets not being Depreciated:				
Land	\$ <u>725,079</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>725,079</u>
Total Capital Assets not being Depreciated	725,079	-	-	725,079
Capital Assets being Depreciated:				
Building	982,533	-	-	982,533
Parking Area	171,902	-	-	171,902
Fencing, Lighting, Bleachers, and Equipment	834,975	11,263	-	846,238
Vehicles	<u>12,000</u>	<u>-</u>	<u>-</u>	<u>12,000</u>
Total Capital Assets being Depreciated	2,001,410	11,263	-	2,012,673
Less Accumulated Depreciation for:				
Building	199,724	38,815	-	238,539
Parking Areas	146,051	1,755	-	147,806
Fencing, Lighting, Bleachers, and Equipment	527,455	43,960	-	571,415
Vehicles	<u>9,400</u>	<u>1,200</u>	<u>-</u>	<u>10,600</u>
Total Accumulated Depreciation	<u>882,630</u>	<u>85,730</u>	<u>-</u>	<u>968,360</u>
Total Capital Assets being Depreciated, Net	<u>1,118,780</u>	<u>(74,467)</u>	<u>-</u>	<u>1,044,313</u>
Total Governmental Activities Capital Assets, Net	<u>\$1,843,859</u>	<u>\$ (74,467)</u>	<u>\$ -</u>	<u>\$1,769,392</u>

Depreciation expense for the year ended December 31, 2018 is \$85,730 as reported in the Statement of Activities.

**RECREATION DISTRICT NO. 2 OF  
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

**(5) Changes in Long-Term Debt -**

The District has no long term debt outstanding at December 31, 2018. See Note 10 concerning outstanding bonds issued in the name of the Livingston Parish Council and the proceeds used to expand and improve facilities of the District.

**(6) Leases -**

The District leases certain equipment for maintenance and repairs as the need arises. Total lease expense for the year ended December 31, 2018 is \$8,913.

**(7) Compensated Absences, Pension Plan, and Other Postemployment Benefits -**

At December 31, 2018, the District has no plan or provision for compensated absences, pension plan or other post employment benefits.

**(8) Per Diem Paid Board Members -**

Each member of the Board of Commissioners is eligible to receive a per diem allowance for attending each regular or special meeting of the board. In 2018, the per diem allowance was \$100 per meeting. All Board Members serve five year terms. Per diems paid to the board members for the year was as follows:

Chris Prescott (Term expires November 22, 2021)	\$ 900
James Hood (Term expires February 13, 2020)	1,100
Tracey McRae (Term expires February 13, 2023)	1,000
Russell Erwin (Term expires February 13, 2022)	300
James Clark (Term expires February 13, 2023)	600
Brett Beard (Term expires February 13, 2022)	800
Bobbi Guerin (Term expires February 13, 2024)	<u>1,100</u>
	<u>\$ 5,800</u>

**(9) Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer -**

In accordance with Louisiana Revised Statute 24:513A, the following is a Schedule of Compensation and Benefits received by Chairman of the Board of Directors, who was the acting agency head for the year ended December 31, 2018.

**RECREATION DISTRICT NO. 2 OF  
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

Purpose	Board Chairman
	Chris Prescott
Per diem	\$ 900
Benefits-insurance	-
Benefits-retirement	-
Reimbursements	-
Travel	-
Registration fees	-
	\$ 900

**(10) Commitment -**

On April 9, 2008, the Board of Commissioners of the District voted to adopt a Resolution requesting for the Parish of Livingston to proceed with a bond issue not to exceed \$5,000,000 through the Louisiana Local Government Environmental Facilities and Community Development Authority in order to provide funds for the District to acquire, design, construct, and develop public parks, playgrounds, and recreational properties and facilities within the District. The Board of Commissioners also voted to authorize entering into a Local Service Agreement between the Parish of Livingston and the District, in accordance with the provisions of Louisiana Revised Statutes 33:1321 – 1337, which provides for financing agreements between political subdivisions. On August 13, 2008 the Board voted to authorize the sale of \$4,455,000 in bonds for the facility expansion and other costs related to the issuance of the debt. These bonds were issued on September 4, 2008 with scheduled maturities through 2038. The bonds were issued in the name of the Livingston Parish Council and are recorded on the books of the Livingston Parish Council. The Livingston Parish Council administered the construction funds as they were spent on the construction of the new recreational facilities. According to the provisions of the Local Service Agreement, the Parish agreed to deposit the proceeds of the bonds into a construction account to enable the District to finance the Projects, fund the reserve fund for the bonds and pay the cost of issuance of the bonds while the District agreed to pay the payment obligations to the Trustee, on behalf of the Parish, in accordance with the debt covenant requirements of the loan from current ad valorem tax revenues. The various projects related to this bond issue were completed during 2011.

On February 11, 2015, the Board of Commissioners of the District 2 voted to adopt a Resolution requesting for the Parish of Livingston to proceed with a bond issue not to exceed \$4,375,000 through the Louisiana Local Government Environmental Facilities and Community Development Authority in order to provide funds to refund all or a portion of the outstanding Revenue Bonds, Series 2008, and to authorize entering into a Local Service Agreement between the Parish of Livingston and the District, in accordance with the provisions of Louisiana Revised Statutes 33:1321 - 1337, which provides for financing agreements between political subdivisions. On December 17, 2015, the Livingston Parish Council issued \$3,820,000 Local Government Environmental Facilities and Community Development Authority Revenue Refunding Bonds

**RECREATION DISTRICT NO. 2 OF  
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

(Livingston Parish, Louisiana – Live Oak Sports Complex Project), Series 2015 for the purpose of refunding a portion of the 2008 Series Bonds maturing in the years 2019-2038 (including all sinking fund payments associated therewith), funding the Reserve Fund for the Bonds, and paying the costs of issuance of the Bonds. The net proceeds of \$3,767,788 were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2008 Series bonds. As a result, \$3,590,000 of the 2008 Series Bonds were considered in-substance defeased and the District no longer has a commitment for the defeased portion of 2008 Series Bonds. During 2018, the defeased bonds were paid off. This advance refunding was undertaken to decrease total debt service payments over the next 23 years by \$360,687 and resulted in an economic gain of \$172,959.

On April 12, 2017, the Board of Commissioners of the District voted to adopt a Resolution requesting for the Parish of Livingston to proceed with a bond issue not to exceed \$2,000,000 through the Louisiana Local Government Environmental Facilities and Community Development Authority in order to provide funds for the District to acquire, design, construct, and develop public parks, playgrounds, and recreational properties and facilities within the District. The Board of Commissioners also voted to authorize entering into a Local Service Agreement between the Parish of Livingston and the District, in accordance with the provisions of Louisiana Revised Statutes 33:1321 – 1337, which provides for financing agreements between political subdivisions. On June 14, 2017, the Board voted to authorize the Parish of Livingston to proceed with a financing amount not to exceed \$2,000,000 in bonds for the facility expansion and other costs related to the issuance of the debt. Bonds in the amount of \$1,860,000 were issued on July 18, 2017 with scheduled maturities through 2044. The bonds were issued in the name of the Livingston Parish Council and are recorded on the books of the Livingston Parish Council. The Livingston Parish Council will administer the construction funds as they were spent on the construction of the new recreational facilities and purchases of land. According to the provisions of the Local Service Agreement, the Parish agreed to deposit the proceeds of the bonds into a construction account to enable the District to finance the Projects and pay the cost of issuance of the bonds while the District agreed to pay the payment obligations to the Trustee, on behalf of the Parish, in accordance with the debt covenant requirements of the loan from current ad valorem tax revenues. During 2017, the District purchased land for future expansion and started a park improvement project with the funds.

For the year ended December 31, 2018, a total of \$280,610 was paid by the District to the Livingston Parish Council for sinking fund payments. A total of \$9,897,386 is anticipated to be paid to the trustee on behalf of the Livingston Parish Council by the District by the end of 2044 as provided by the Local Service Agreements. As of December 31, 2018, a total of \$8,632,611 is outstanding and due to the Livingston Parish Council.

For the Series 2015, and Series 2017 Bonds, the remaining annual requirements of principal and interest for sinking fund payments from operations per the Local Service Agreements are as follows:

**RECREATION DISTRICT NO. 2 OF  
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

<u>Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Annual Sinking Fund Requirements</u>
2019	\$ 140,000	\$ 200,740	\$ 340,740	\$ 341,444
2020	145,000	197,853	342,853	341,828
2021	145,000	194,778	339,778	340,448
2022	150,000	191,790	341,790	341,944
2023	155,000	187,253	342,253	342,344
2024-2028	855,000	856,450	1,711,450	1,710,696
2029-2033	1,035,000	668,694	1,703,694	1,703,315
2034-2038	1,250,000	457,960	1,707,960	1,725,563
2039-2043	1,500,000	207,488	1,707,488	1,656,771
2044	185,000	6,935	191,935	128,258
	<u>\$5,560,000</u>	<u>\$3,169,941</u>	<u>\$ 8,729,941</u>	<u>8,632,611</u>
Less:				
Funds Available in Debt Service Reserve Fund				<u>-</u>
Total Remaining Commitment				<u>\$ 8,632,611</u>

**(11) Current Accounting Pronouncements -**

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

**RECREATION DISTRICT NO. 2 OF  
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

In May 2017, the Governmental Accounting Standards Board issued GASB Statement No 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

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

In March 2018, the Governmental Accounting Standards Board issued GASB Statement No 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

In June 2018, the Governmental Accounting Standards Board issued GASB Statement No 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting

**RECREATION DISTRICT NO. 2 OF  
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

In August 2018, the Governmental Accounting Standards Board issued GASB Statement No 90, *Majority Equity Interests an amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

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

**(12) Subsequent Events -**

Management has evaluated subsequent events and transactions for potential recognition or disclosures in the financial statements through June 12, 2019, the date which the financial statements were available to be issued.

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

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

Board of Commissioners  
Recreation District No. 2 of  
Livingston Parish  
Livingston Parish Council  
Watson, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund (the General Fund), and the budgetary comparison statement of the major fund of Recreation District No. 2 of Livingston Parish (the District) a component unit of the Livingston Parish Council, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 12, 2019.

**Internal Control Over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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.

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

Respectfully submitted,

*Hannis T. Bourgeois, LLP*

Denham Springs, Louisiana  
June 12, 2019

**RECREATION DISTRICT NO. 2 OF  
LIVINGSTON PARISH**

**SCHEDULE OF FINDINGS AND RESPONSES**

DECEMBER 31, 2018

**Current Year Findings:**

**(A) Findings - Internal Control Over Financial Reporting**

None.

**(B) Findings Compliance and Other Matters**

None.

**RECREATION DISTRICT NO. 2 OF  
LIVINGSTON PARISH**

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

DECEMBER 31, 2018

**(A) Findings - Internal Control Over Financial Reporting**

Finding 2017-1 Timely Deposit of Cash Receipts:

Criteria:

Cash and check receipts should be deposited in a timely manner.

Condition:

In the prior year testing of tournament revenue, we noted several instances where bank deposits of cash received during the various events were not deposited until up to five days after the last day of the event. The deposits consisted of startup cash for the tournaments plus actual gate cash receipts. Several deposits were in excess of \$15,000.

Effect:

Cash receipts not being deposited on a timely basis could result in the risk of loss from burglary, misplacement, or misappropriation. In addition, the funds are not available to the District to use to pay operating expenditures.

Cause:

Due to not depositing cash receipts in a timely fashion, the District could experience a theft of cash.

Recommendation:

We recommended the District implement procedures to require daily deposits of cash in excess of cash needed for gate start up during tournaments. At a minimum, the funds should be deposited the following day. Promptly depositing the excess funds would lessen the amount of actual cash on hand to ensure that all cash receipts are deposited intact and in a timely manner.

Management's Response:

The District's board revised the internal control policy in July 2015 to tighten the Director's timeframe to deposit cash received from a tournament event from 7 banking days (original policy set on November 2014) to a safer 72 hour period standard. The Manager has improved adherence to adopted policies this year, however, on several occasions it took 5 banking days to reconcile the deposits for the large tournaments revenue and actually deposit into the bank account. The board agrees with the audit comment that cash deposits from tournament collections should be deposited more timely from this point forward. The Director now has support staff to assist in following the 72 hour standard for depositing the large

**RECREATION DISTRICT NO. 2 OF  
LIVINGSTON PARISH**

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS (CONTINUED)

DECEMBER 31, 2018

amounts of cash generated on these four or five events per year. Also, the Director will be directed henceforth, to complete the initial cash received deposit within the 72 hour standard first, then balance all the proceeds from checks and other payments after depositing the documented cash amount regarding the large tournament events.

Corrective Action Taken:

During current testing of tournament revenue collections, we did not note a delay in the deposit of cash receipts.

**(B) Findings - Compliance and Other Matters**

None.

**RECREATION DISTRICT NO. 2**  
**OF LIVINGSTON PARISH**

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

**DECEMBER 31, 2018**



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Independent Accountant's Report  
on Applying Agreed-Upon Procedures

Board of Commissioners  
Recreational District No. 2 of  
Livingston Parish  
Livingston Parish Council  
Watson, Louisiana

We have performed the procedures enumerated below, which were agreed to by the Recreation District No. 2 of Livingston Parish, State of Louisiana, "the District," a component unit of the Livingston Parish Council, and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 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***

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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. – **No Exceptions.**
  - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

**Exception** - The District does have written policies and procedures for purchasing that address documentation requirements on quotes and bids, the procedures do not outline the dollar thresholds requiring quotes and the bids which would assist in compliance with public bid laws.

- c) **Disbursements**, including processing, reviewing, and approving. – **No Exceptions.**
- d) **Receipts/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 confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation). – **No Exceptions.**
- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked. – **No Exceptions.**
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process. – **No Exceptions.**
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

**Exception** – The District does have written policies and procedures for purchasing and disbursements but policies do not specifically address credit cards. Although the written procedures do not specifically address credit cards, purchases are required to go through approval processes for disbursements and checks require two signatures.

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

**Exception** – The District does have written policies and procedures for purchasing and disbursements but policies do not specifically address travel and expense reimbursements. Although the written procedures do not specifically address travel and expense reimbursements, purchases are required to go through approval processes for disbursements and checks require two signatures.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity’s ethics policy.

**Exception** – The District does not appear to have written policies and procedures related to ethics. However, they do require employees to take the annual ethics training.

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

**Exception** – The District does have written policies and procedures for debt service that address debt issuance approval but the policies do not specifically address continuing disclosure/EMMA reporting requirements, debt reserve requirements, and debt service requirements.

## ***Bank Reconciliations***

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2. Obtain a listing of client 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 selected each 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 logged); – **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 – **No Exceptions.**
  - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable. – **No Exceptions.**

## ***Collections***

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3. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/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). – **No Exceptions.**
4. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 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 that 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. – **No Exceptions.**
  - 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. – **No Exceptions.**
  - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit. – **No Exceptions.**
  - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation. – **No Exceptions.**
5. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

**Exception** – The District does not have a bond or insurance policy that covers all persons involved in collecting cash.

6. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #2 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 on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 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).

**Exception** – The District does not stamp the date received on collections so we couldn’t determine the number of days from physical receipt to deposit on an item. For an item related to a field rental, we noted the field rental occurred from Saturday, September 22, 2018 up to Monday, September 24, 2018, the check for payment was dated September 24, 2018, and the deposit was posted to the bank account on Monday, October 22, 2018. For this transaction, it appears that the actual deposit was made more than one business day after the physical collection.

- e) Trace the actual deposit per the bank statement to the general ledger. – **No Exceptions.**

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

7. 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). – **No Exceptions.**

8. For each location selected under #7 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the 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. – **No Exceptions.**
- b) At least two employees are involved in processing and approving payments to vendors. – **No Exceptions.**
- 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. – **No Exceptions.**

- 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. – **No Exceptions.**
9. For each location selected under #7 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. – **No Exceptions.**

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

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10. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete. – **No Exceptions.**
11. 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 excessive fuel card usage) 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.] – **No Exceptions.**
- b) Observe that finance charges and late fees were not assessed on the selected statements – **No Exceptions.**
12. Using the monthly statements or combined statements selected under #10 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). – **No Exceptions.**

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

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13. 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: – **No travel and related expense reimbursements during the current fiscal period.**
- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)). – **No Exceptions.**
  - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased. ). – **No Exceptions.**
  - 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.**

## ***Payroll and Personnel***

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14. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

**Exception** – One employee selected for testing was paid three different hourly rates during the year. For that employee, we were able to sight an Employee Payroll Authorization/Wage Report for one of the payrates and we were able to trace two of the employee's pay rates to approvals in board minutes. For the two salaried employees selected for testing, we agreed the authorized salaries to approval in prior year board minutes. For the two remaining employees selected for testing, there were no authorized salary/pay rate forms in the personnel files. One of these two employees was a seasonal employee and seasonal employees are all paid the same pay rate. For these two employees, we confirmed the pay rates with management.

15. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #14 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.)

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

**Exception** – The two salaried employees of the District were not required to prepare time sheets each pay period for most of 2018. At the end of 2018, the two salaried employees started preparing time sheets. The hourly employees do prepare time cards and they are approved each pay period; however, there were no approvals noted on the time cards for three hourly employees tested. The District does not have a formal leave policy and formal leave request forms are not used. The Chairman of the board verbally approves leave request for the salaried employees. The salaried employees are the only employees that would qualify for paid time off. The District does not maintain written leave records.

- 16. Obtain a listing of those employees/officials that received termination payments 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 pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files. – **No termination payments during the current fiscal period.**
- 17. 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. – **No Exceptions.**

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

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

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

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

Respectfully submitted,  
*Hannis T. Bourgeois, LLP*

Denham Springs, Louisiana  
June 12, 2019

Livingston Parish Recreation District 2  
P.O. Box 54  
Watson, La 70786

Response to AUP Audit Exceptions 2018

Items with exceptions:

Written Procedures:

1 (b5) PURCHASING- bids/quotes: In 2019, the District will amend the current purchasing procedures to address setting dollar limits regarding guidance for management regarding dollar limits regarding when equipment, supplies, or contracting on improvement type capital items are exercised. The dollar limits will involve limits needed regarding phone quotes, written quotes, or official public bids when making decisions for capital improvements or major repairs.

1 (g) CREDIT CARDS- Effective January, 2019, a credit card procedure and policy of card use was written and adopted by the board for guidance to management. The credit card procedure now in place involves authorization for credit card usage by each individual, dollar limits per card, and expense category restriction involving the credit card use.

1 (h) TRAVEL EXPENSE REIMBURSEMENT: Effective January 2019, the District set along with board approval dollar limitations regarding District travel and expense reimbursement as policy including hotel dollar limits, meal dollar limits, and mileage reimbursement amounts regarding District employees.

1 (i) ETHICS: Effective January 2019, the District adopted procedures related directly to ethics standards regarding violations as well as corrective actions on all employees relating to: employee conduct, dress code, substance abuse, sexual harassment, and internet use on the job by employees. The District will amend this new policy to include a verification document by each employee that the ethics training course was completed by each employee versus the verbal statement now in use.

1 (j) DEBT SERVICE: The District has historically and annually relied upon the banking agent to assist in posting the required EMMA disclosure reporting requirement regarding debt. There are written procedures on debt service at this time, but will be amended in 2019 to include a formal request of the banking agent assistance each year and a verification documented for the EMMA posting once completed each year.

5 COLLECTIONS: In April of 2019, the District secured a surety bond insurance policy for all employees that handle cash on behalf of the District.

6 (d) In 2018, the District's procedure was to date stamp all received checks on the back of the check received and followed a 72 hour rule procedure for depositing funds within date of receipt.

In 2019, the District will amend their procedure to also date stamp all checks received and stamp the copy of documentation maintained for check payments by the District received in 2019. In 2018, there was confusion regarding one category (related to field rental from organizations) whereby a multiple rental of several dates by an organization was interpreted incorrectly and the first check was held until the other event dates were completed. This scenario has been corrected in 2019.

14 PAYROLL AND PERSONNEL: The District has standard hourly pay rates for a category of work (support work for different programs). Each employee's file has approved pay rates for permanent or regular employees and is board approved when recommended by the Director. Initial hires do not have a form in their personnel file stating the starting hourly rate. This action will be amended in 2019 to require a document in each personnel file. Regarding the exception noted during testing, the employee also worked in one program for a standard pay rate and his hourly regular pay was governed by board approval which was noted in the minutes.

15 (c) The District will amend their current time card procedure to include a documented approval signature on each time card by the Director for each pay period.

Respectfully Submitted,



Chris Prescott, Chairman  
Livingston Parish Gravity Drainage District 2