

**RECREATION DISTRICT NO. 3**  
**OF LIVINGSTON PARISH**

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

**DECEMBER 31, 2018**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners  
Recreation District No. 3 of Livingston Parish  
Denham Springs, Louisiana

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the budgetary comparison statement of the General Fund of the Recreation District No. 3 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 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 each major fund of the Recreation District No. 3 of Livingston Parish as of December 31, 2018, and the budgetary comparison statement of the General Fund and the changes in financial position for the year then ended, in conformity 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 11, 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, schedule of proportionate share of the net pension liability, and the schedule of contributions on pages 4 through 11 and 48 through 51 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 10, 2019, on our consideration of the Districts'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 10, 2019

Recreation District No. 3  
of Livingston Parish  
Denham Springs, LA 70726  
Management's Discussion and Analysis  
December 31, 2018

The following discussion and analysis is prepared for the Recreation District No. 3 of Livingston Parish (PARDS). The discussion and analysis is an overview of the financial activities for the fiscal year ended December 31, 2018.

The purpose of the discussion and analysis is to provide the citizens of the recreation district a broad overview of the PARDS finances. The information provided should be read in conjunction with the detailed financial statements.

The Management's Discussion and Analysis (MD&A) is required by the Government Accounting Standards Board (GASB).

**FINANCIAL HIGHLIGHTS**

- \* PARDS Net Position on December 31, 2018 was \$5,665,059.
- \* The Net Position of the Governmental Activities for PARDS showed a decrease of \$333,156.
- \* The total general fund balance at year-end was \$3,301,307. In 2017 the total general fund balance was \$3,446,827. This reflects an actual decrease to the fund of \$146,941 or a 4.26% decrease in the general fund.
- \* At the end of 2018 the Unassigned General Fund Balance of \$3,299,886 represents 77.5% of the total General Fund Expenditures of \$4,255,845.
- \* The 2018 Operation and Maintenance ad valorem tax revenue totaled \$2,449,972 in the general fund and represents an decrease of \$1,438 or a .006% decrease over the prior year for operations and maintenance.
- \* The debt service fund ad valorem tax revenues equaled \$16,399 for the 2018 year which was a decrease from 2017 totals (due to the millage reduction regarding debt service).

## Overview of Financial Statements

This discussion and analysis are intended to serve as an introduction to the basic financial statements of PARDS. PARDS' 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 prepared in accordance with requirements of GASB Statement 34. It provides readers 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 PARDS 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 PARDS' 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 PARDS is improving or deteriorating.

The *statement of activities* presents information showing how PARDS' 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 12 - 13 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. PARDS, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with financial-related legal requirements. All of the funds of PARDS 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*.

PARDS 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 14 - 22 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 23 - 48 of this report.

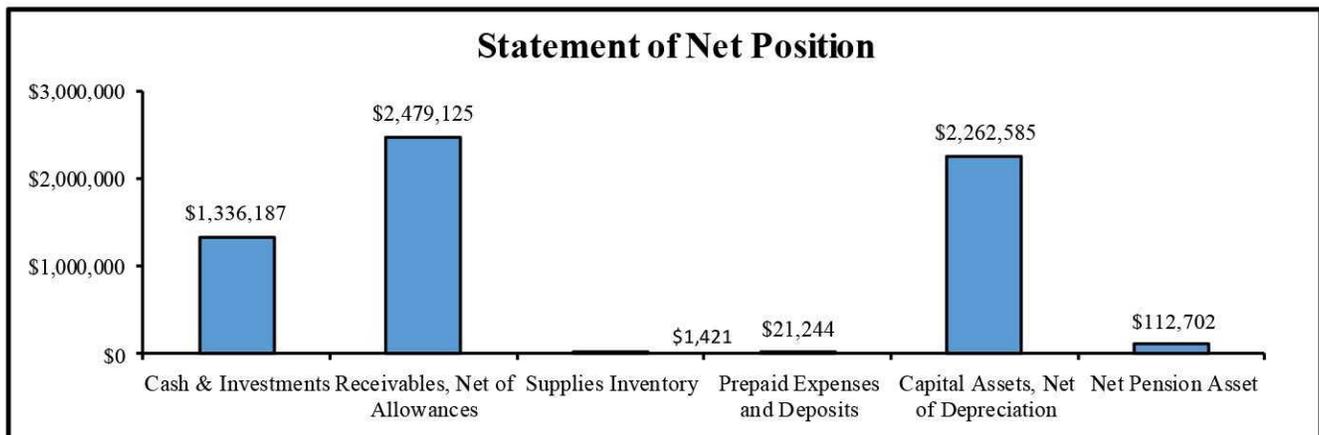
**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

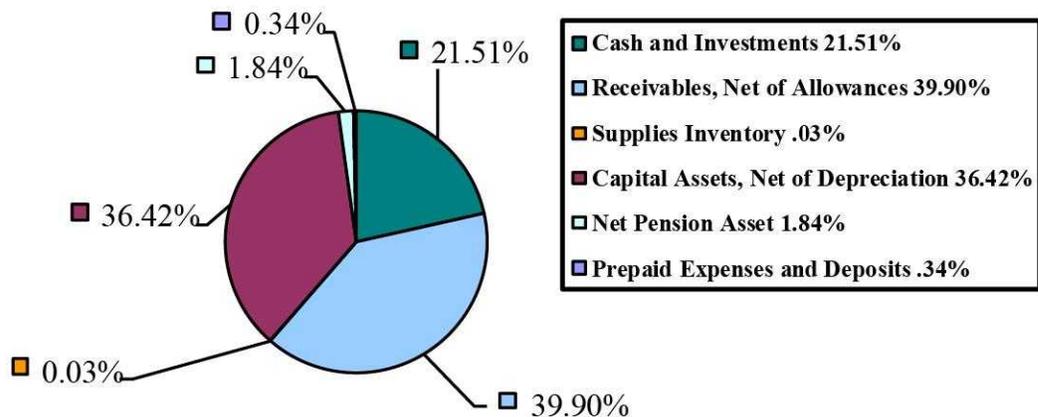
**STATEMENT OF NET POSITION**

The following is a schedule of PARDS’ net position. Net position is calculated by taking the difference between the total assets and total liabilities. PARDS assets exceeded its liabilities at the close of 2018, by a total of \$5,665,059.

	<u>2017</u>	<u>2018</u>
Cash and Investments	\$1,919,231	\$1,336,187
Receivables, Net of Allowances	2,051,811	2,479,125
Supplies Inventory	1,328	1,421
Prepaid Expenses and Deposits	20,543	21,244
Capital Assets, Net of Depreciation	2,436,203	2,262,585
Net Pension Asset	<u>-</u>	<u>112,702</u>
Total Assets	6,429,116	6,213,264
Deferred Outflows-Pension related	414,748	256,704
Current Liabilities	230,978	270,572
Net Pension Liability	308,384	-
Bonds Payable	<u>250,000</u>	<u>200,000</u>
Total Liabilities	789,362	470,572
Deferred Inflows-Pension related	56,287	334,336
Net Position:		
Net Investment in Capital Assets	2,186,203	2,062,585
Restricted	298,936	248,354
Unrestricted	<u>3,513,076</u>	<u>3,354,120</u>
Total Net Position	<u>\$5,998,215</u>	<u>\$5,665,059</u>

The largest portion of the PARDS net position is reflected on the following graphs.





### STATEMENT OF ACTIVITIES

PARDS provides recreational facilities, activities and programs for the area citizens. Included in this are both revenue and non-revenue producing activities. PARDS operates three parks within the system. Facilities include baseball/softball fields, track, golf driving range, playgrounds, pavilions, tennis courts, a horse riding arena, two community centers, fitness and aquatics center, water park, fishing pond, walking trails and two gyms. Property taxes, AQUA PARDS entry fees, rental fees and public based program fees provide most of the funding for the PARDS operation and maintenance.

Property taxes are the largest source of revenue for PARDS. PARDS collects taxes for operation and maintenance and a separate millage for debt retirement (sinking fund). The money collected for the sinking fund can only be used to pay off the existing bonded debt. The sinking fund money cannot be used for operation and maintenance of the park system. Other sources of revenue for PARDS include program registration fees, fitness and aquatics membership fees, water park admission fees, rental fees, concessions, and interest on investments.

In November 2014, the voters in Recreation District #3 passed a ten-year tax, which will secure ad valorem tax revenues thru December 31, 2025 as the prior millage expired December 31, 2015. This tax must be renewed every ten years. This tax allows the District to collect 15 mills for the operation and maintenance of the park system. In 2015, the District collected the full millage as allowed by law. These funds are placed into the general fund and is used to pay for the operation and maintenance of the park system.

The millage rate for the sinking fund varies from year to year. Rates are set based upon the amount needed to pay off the long-term debt. The sinking fund millage rate was reduced in 2017 and set at .10 of a mill. The original bond for 3 million dollars was passed in 1992 and will be repaid April 1, 2022.

The reduction of the sinking fund millage meant the park's overall millage decreased from 17 mills in 2011, 16 mills in 2012 through 2014, and 15.35 mills in 2015 through 2016. The combined millage for the District totals 15.10 mills for 2017 and 2018 and will decrease back to 15 mills for following years.

Recreation District No. 3  
of Livingston Parish

Changes In Net Position

	<u>2017</u>	<u>2018</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
<b>Revenues:</b>				
Program Revenues:				
Charges for Services	\$ 1,612,334	\$ 1,592,754	\$ (19,580)	(1.22)%
Operating Grants and Contributions	11,061	11,288	227	2.06%
General Revenues:				
Property Taxes - General Purposes	2,451,410	2,449,972	(1,438)	(.06)%
Property Taxes - Debt Service	18,965	16,399	(2,566)	(13.53)%
Interest and Investment Earnings	41,020	39,664	(1,356)	(3.31)%
Sponsorships	18,700	21,250	2,550	13.64%
Other	4,592	6,758	2,166	47.17%
Total Revenues	4,158,082	4,138,085	(19,997)	(.48)%
<b>Expenses:</b>				
Personnel	1,997,666	2,060,013	62,347	3.12%
Program Expenses	252,666	287,552	34,886	13.81%
General Operations	1,829,857	2,108,196	278,339	15.21%
Interest on Long-Term Debt	19,859	15,480	(4,379)	(22.05)%
Total Expenses	4,100,048	4,471,241	371,193	9.06%
Changes in Net Position	\$ 58,034	\$ (333,156)	\$ (391,190)	(674.07)%

**REVENUES**

- The general fund property tax revenue decreased \$1,438 from the previous year. For 2018 and 2017 the assessments leveled out, but will rise again in 2019.
- The Debt Service fund property tax revenue decreased by \$2,566 (voluntary reduction of millage as the debt nears retirement).
- There was a decrease of \$1,356 in the amount of interest on investments.
- Charges for services decreased \$19,580 with a decrease in membership of the Fitness and Aquatics Center and Day Camp/Before and After programs. However, Team Registration revenue increased in 2018 resulting in a net decrease stated previously.

## EXPENSES

- Total Expenses had an increase of \$371,193 which is 9.06% increase due to increases for major repairs to the fitness/aquatics pool area and general building-grounds for 2018.
- Total personnel expenses increased 5.23% as a result of a few added positions.
- General Operations increased \$278,339 due to various repair and maintenance upgrades.

## BUDGETARY HIGHLIGHTS

Major differences between the original budget and the final amended budget of the General Fund are briefly summarized as follows:

- The amended budgeted revenues were \$4,157,716, actual revenues were \$4,110,325 which was a unfavorable variance of \$47,391.
- The amended budgeted expenditures were \$4,157,716, actual expenditures were \$4,255,845.
- The overall final budget compared to the original budget reflects an decrease of Excess Revenues over Expenditures of \$25,284.
- The amended budgeted planned for total revenues over expenses as a zero surplus amount and the actual 2018 total revenue over expenses was a deficit of \$145,520, an unfavorable variance. This again was mainly associated with forced repairs in the fitness and aquatics area and at West Livingston Park.
- When we accepted the Parish's bond proceeds in 2008 for the construction of our new facilities, we added annual payments to the Parish of approximately \$693,000 to our budget. The first part of the plan to pay for this additional expense was to roll forward our taxes in 2008, which added \$377,944 to our tax collections. This still left a \$315,056 deficit for the payments to the Parish. The second part of the plan to pay for the additional expenditures was to be paid through our annual growth rate in our tax collections. It was estimated that with a modest 4% growth rate by 2013, we would almost make enough to cover the additional payments. General Fund tax collections for 2013 increased 4.39% over the 2012 collections because of the reassessment and annual growth. In 2018 we collected \$1,004,484 more in General Fund property taxes than we did in 2007. The required bond payment to the parish was \$641,587 in 2018.

Revenues:

- With continued growth within the district, the reassessment increased overall valued property which has overcome the temporary reduction of selected properties due to flood damage in 2016. The District's ad valorem revenues increased in 2018 as compared to the 2016 level by an actual 9 % increase. From preliminary assessor reports, the 2019 tax base will grow over 6 % greater than the 2018 amounts.
- Charges for Services were originally budgeted at \$1,566,100 and was amended to \$1,511,887. This is a decrease of 3.47%. Actual revenues for Charges for Services amounted to \$1,475,039 in 2018 which resulted in a unfavorable variance amount less than budget by \$36,848.

## Expenditures:

- Budgeted expenditures were amended with a decrease of \$25,284 under the original budget. The actual results yielded a \$98,129 unfavorable variance under the amended 2018 budget.
- Parks and Recreation Personnel Expenses which includes salaries and wages, payroll taxes and benefits were more than the final budget by \$11,792 for a unfavorable variance. This was due to slight increases in the addition of a payroll position..
- Program expenses increased over the amended budget by \$3,844 due to day camp costs and fitness program costs. The team sports decreased by \$2,139,
- The general operations actual expenses increased by \$82,493 from the amended budget. The major variances between the amended budget and the actual expenses were as follows:
  - Repairs at the West Livingston site's actual expenses increased from the amended budget by \$18,403.
  - Slight increases in actual utilities expenses, contracted services, supplies, gas/oil, and miscellaneous expenses were over amended budget by \$74,819.
  - Other various multiple category decreases resulted in a \$ 10,729 favorable variance

## CAPITAL ASSETS

**Capital assets.** PARDS investment in capital assets as of December 31, 2018 amounted to \$2,262,585 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment and park facilities. The total net decrease in PARDS' investment in capital assets for the current year was \$173,618 or 7.13%. The cause of the decrease was because depreciation expense exceeded actual capital outlay in 2018.

Major capital asset purchases during the current fiscal year included the following:

- Water slide renovation and lift station improvement in 2018 totaled \$54,100.

\* Total Capital Outlay cost totaled \$54,100. Depreciation expense for 2018 amounted to \$227,718.

Additional information on PARDS' capital assets can be found in Note 5 of this report.

## LONG-TERM DEBT

At the end of the current year, PARDS' had total bonded debt outstanding of \$200,000. This debt is secured by an ad valorem tax on real and business personal property within the District.

Additional information on PARDS' long-term debt activity for 2018 can be found in Note 6 on page 35 of this report.

### **FUTURE EXPENSES**

On August 4, 2009 the Board of Commissioners signed a contract to build a \$6,112,000 Fitness and Aquatics Center and Water Park. This project was financed with a portion of the \$7,500,000 bond the Parish issued on behalf of the Recreation District. Future bond payments are approximately \$642,000 per year but fluctuates slightly year to year. The final payment is scheduled for October of 2038.

The FAC opened in March 2011. In its eighth year of operation the memberships continue to keep pace with projections. We expect the numbers of memberships to continue a gradual increase in the future.

With eight full seasons of Aqua PARDS and seven years of operating the Fitness and Aquatics Center, PARDS has a history to base future budgets on. The 2019 budget will again accurately reflect actual revenue and expenses in a concise way. In 2018, an improvement to the aquatic center was completed. In 2019, the addition of public golf as an official park program will be added. The purchase of a private golf course has been accomplished. Enhancements to South Park and other areas at North Park relating to general maintenance is planned.

### **REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of PARDS' finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Superintendent, Mr. Gary Templeton, Post Office Box 1281, Denham Springs, Louisiana, 70727-1281.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**RECREATION DISTRICT NO. 3  
OF LIVINGSTON PARISH**

**STATEMENT OF NET POSITION**

DECEMBER 31, 2018

(With Comparative Totals as of December 31, 2017)

	Governmental Activities	
	2018	2017
<b>ASSETS</b>		
Cash and Cash Equivalents	\$1,031,261	\$1,614,305
Certificates of Deposits	304,926	304,926
Ad Valorem Taxes Receivable, Net of Allowance	2,459,963	2,037,053
Other Receivables	19,162	14,758
Supplies Inventory	1,421	1,328
Deposits	20	20
Prepaid Insurance	21,224	20,523
Capital Assets:		
Land and Construction in Progress	537,909	537,909
Other Capital Assets, Net of Depreciation	1,724,676	1,898,294
Net Pension Asset	112,702	-
Total Assets	6,213,264	6,429,116
<b>DEFERRED OUTFLOW OF RESOURCES</b>		
Deferred Outflows - Related to Pensions	256,704	414,748
<b>LIABILITIES</b>		
Accounts Payable	161,452	129,819
Accrued Liabilities	105,639	96,808
Interest Payable	3,481	4,351
Non-Current Liabilities:		
Net Pension Liability	-	308,384
Due Within One Year	50,000	50,000
Due in More Than One Year	150,000	200,000
Total Liabilities	470,572	789,362
<b>DEFERRED INFLOW OF RESOURCES</b>		
Deferred Inflows - Related to Pensions	334,336	56,287
<b>NET POSITION</b>		
Net Investment in Capital Assets	2,062,585	2,186,203
Restricted for Debt Service	248,354	298,936
Unrestricted	3,354,120	3,513,076
Total Net Position	\$5,665,059	\$5,998,215

The notes to the financial statements are an integral part of this statement.

**RECREATION DISTRICT NO. 3  
OF LIVINGSTON PARISH**

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2018  
(With Comparative Totals for the Year Ended December 31, 2017)

FUNCTIONS/PROGRAMS	Program Revenues				Total Governmental Activities - Net (Expense) Revenue and Changes In Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	2018	2017
	Governmental Activities:					
Parks and Recreation:						
Personnel	\$ 2,060,013	\$ -	\$ 11,288	\$ -	\$ (2,048,725)	\$ (1,986,605)
Program Expenses	287,552	1,481,039	-	-	1,193,487	1,269,593
General Operations	2,108,196	111,715	-	-	(1,996,481)	(1,739,782)
Debt Service:						
Interest on Long-Term Debt	15,480	-	-	-	(15,480)	(19,859)
Total Governmental Activities	<u>\$ 4,471,241</u>	<u>\$ 1,592,754</u>	<u>\$ 11,288</u>	<u>\$ -</u>	<u>(2,867,199)</u>	<u>(2,476,653)</u>
Taxes:						
Property Taxes, Levied for General Purposes					2,449,972	2,451,410
Property Taxes, Levied for Debt Services					16,399	18,965
Interest and Investment Earnings					39,664	41,020
Sponsorships					21,250	18,700
Miscellaneous					6,758	4,592
					<u>2,534,043</u>	<u>2,534,687</u>
Change in Net Position					(333,156)	58,034
Net Position - Beginning of Year					<u>5,998,215</u>	<u>5,940,181</u>
Net Position - End of Year					<u>\$ 5,665,059</u>	<u>\$ 5,998,215</u>

The notes to the financial statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

**RECREATION DISTRICT NO. 3  
OF LIVINGSTON PARISH**

BALANCE SHEET - GOVERNMENTAL FUNDS

DECEMBER 31, 2018

(With Comparative Totals as of December 31, 2017)

	General Fund	Debt Service Fund	Total Governmental Funds	
			2018	2017
<b>ASSETS</b>				
Cash and Cash Equivalents	\$1,004,455	\$ 26,806	\$1,031,261	\$1,614,305
Certificates of Deposit	102,375	202,551	304,926	304,926
Ad Valorem Taxes Receivable	2,519,251	16,794	2,536,045	2,100,056
Allowance for Uncollectible Ad Valorem Taxes	(75,578)	(504)	(76,082)	(63,003)
Other Receivables	19,162	-	19,162	14,758
Due From General Fund	-	2,768	2,768	2,768
Supplies Inventory	1,421	-	1,421	1,328
Deposits	20	-	20	20
Total Assets	<u>\$3,571,106</u>	<u>\$ 248,415</u>	<u>\$3,819,521</u>	<u>\$3,975,158</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ 161,392	\$ 60	\$ 161,452	\$ 129,819
Accrued Payroll	51,963	-	51,963	46,338
Payroll Taxes and Related Benefits Payable	50,676	-	50,676	47,470
Due to Primary Government	3,000	-	3,000	3,000
Due to Debt Service Fund	2,768	-	2,768	2,768
Total Liabilities	269,799	60	269,859	229,395
<b>Fund Balances:</b>				
<b>Nonspendable:</b>				
Supplies Inventory	1,421	-	1,421	1,328
<b>Restricted for:</b>				
Debt Service	-	248,354	248,354	298,936
<b>Unassigned</b>	<u>3,299,886</u>	<u>-</u>	<u>3,299,886</u>	<u>3,445,499</u>
Total Fund Balances	<u>3,301,307</u>	<u>248,354</u>	<u>3,549,661</u>	<u>3,745,763</u>
Total Liabilities and Fund Balances	<u>\$3,571,106</u>	<u>\$ 248,414</u>	<u>\$3,819,520</u>	<u>\$3,975,158</u>

The notes to the financial statements are an integral part of this statement.

**RECREATION DISTRICT NO. 3  
OF LIVINGSTON PARISH**

RECONCILIATION OF THE GOVERNMENTAL FUNDS  
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>
Total Fund Balances - Governmental Funds	\$3,549,661	\$3,745,763
Cost of Capital Assets	9,212,609	9,158,509
Less: Accumulated Depreciation	<u>(6,950,024)</u>	<u>(6,722,306)</u>
	2,262,585	2,436,203
Prepaid Insurance	21,224	20,523
Net Pension Asset	112,702	-
Elimination of Interfund Assets and Liabilities:		
Due from General Fund	2,768	2,768
Due to Debt Service Fund	<u>(2,768)</u>	<u>(2,768)</u>
	-	-
Long-Term Liabilities:		
Bonds Payable	(200,000)	(250,000)
Net Pension Liability	-	(308,384)
Accrued Interest Payable	<u>(3,481)</u>	<u>(4,351)</u>
	(203,481)	(562,735)
Deferred Outflows of Resources Related to Pensions Are not Reported in Governmental Funds	256,704	414,748
Deferred Inflows of Resources Related to Pensions are not Reported in Governmental Funds	<u>(334,336)</u>	<u>(56,287)</u>
Net Position	<u>\$5,665,059</u>	<u>\$5,998,215</u>

The notes to the financial statements are an integral part of this statement.

**RECREATION DISTRICT NO. 3  
OF LIVINGSTON PARISH**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2018  
(With Comparative Totals for the Year Ended December 31, 2017)

	General Fund	Debt Service Fund	Total Governmental Funds	
			2018	2017
<b>Revenues:</b>				
Ad Valorem Taxes	\$2,449,972	\$ 16,399	\$2,466,371	\$2,470,375
Intergovernmental	6,000	-	6,000	4,000
Interest	39,591	73	39,664	41,020
Charges for Services:				
Day Camp and Before and After School Fees	586,282	-	586,282	642,053
Team Registrations	224,492	-	224,492	160,466
Driving Range Fees	-	-	-	10,453
Recreational Center Rental	23,920	-	23,920	23,804
Ballfield Rentals	19,835	-	19,835	21,931
Fitness and Aquatics Center	615,735	-	615,735	654,352
West Livingston Rental	4,775	-	4,775	5,200
Concessions:				
Subcontracted	109,391	-	109,391	87,671
Vending Machines	2,324	-	2,324	2,404
Sponsorships	21,250	-	21,250	18,700
Miscellaneous	6,758	-	6,758	4,592
Total Revenues	4,110,325	16,472	4,126,797	4,147,021
<b>Expenditures:</b>				
Parks and Recreation Personnel:				
Salaries and Wages	1,719,553	-	1,719,553	1,635,443
Commissioners Per Diem	7,000	-	7,000	5,800
Payroll Taxes	82,957	-	82,957	73,013
Retirement Contributions	113,741	-	113,741	116,824
Health and Life Insurance	110,467	-	110,467	101,637
	2,033,718	-	2,033,718	1,932,717

(CONTINUED)

**RECREATION DISTRICT NO. 3  
OF LIVINGSTON PARISH**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2018  
(With Comparative Totals for the Year Ended December 31, 2017)

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>	
			<u>2018</u>	<u>2017</u>
<b>Expenditures (Continued):</b>				
Program Expenses:				
Team Sports	120,458	-	120,458	78,328
Day Camp and Before and After				
School Programs	132,698	-	132,698	126,669
Fitness and Aquatics Center	36,483	-	36,483	44,873
Tournament Expense	-	-	-	79
Driving Range	-	-	-	2,421
	<u>289,639</u>	<u>-</u>	<u>289,639</u>	<u>252,370</u>
General Operations:				
Utilities	274,554	-	274,554	240,525
Maintenance and Repairs:				
Buildings and Grounds	100,193	-	100,193	82,289
Fitness and Aquatics Center	223,062	-	223,062	64,480
Vehicles	6,323	-	6,323	1,007
Tractors	44,045	-	44,045	43,198
West Livingston	38,971	-	38,971	16,075
Insurance	168,867	-	168,867	153,558
Contracted Services	64,447	-	64,447	59,795
Professional Services	46,087	-	46,087	33,555
Concession Expenses:				
Repairs and Small Equipment Purchases	66,486	-	66,486	48,411
Internally Controlled	2,214	-	2,214	1,614
Vending Machines	3,138	-	3,138	4,472
Telephone	16,219	-	16,219	17,528
Janitorial Supplies and Service	17,680	-	17,680	10,363
Truck and Tractor - Gas and Oil	21,317	-	21,317	20,395
Sponsorship Expenses	2,853	-	2,853	1,670
Office Supplies	7,026	-	7,026	5,606
Uniforms	11,603	-	11,603	8,768
Advertising	5,812	-	5,812	882

(CONTINUED)

**RECREATION DISTRICT NO. 3  
OF LIVINGSTON PARISH**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2018  
(With Comparative Totals for the Year Ended December 31, 2017)

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>	
			<u>2018</u>	<u>2017</u>
General Operations (Continued):				
Dues and Subscriptions	1,065	-	1,065	1,054
Postage and Freight	1,229	-	1,229	843
Miscellaneous	16,247	84	16,331	12,958
Assessors Pension Fund	97,363	620	97,983	95,058
Capital Outlay	54,100	-	54,100	137,720
Intergovernmental Transfer	641,587	-	641,587	640,239
	<u>1,932,488</u>	<u>704</u>	<u>1,933,192</u>	<u>1,702,063</u>
Debt Service:				
Principal Retirement	-	50,000	50,000	100,000
Interest Expense	-	15,750	15,750	21,000
Agent Fee	-	600	600	600
	<u>-</u>	<u>66,350</u>	<u>66,350</u>	<u>121,600</u>
Total Expenditures	<u>4,255,845</u>	<u>67,054</u>	<u>4,322,899</u>	<u>4,008,750</u>
Excess (Deficiency) of Revenues Over Expenditures	(145,520)	(50,582)	(196,102)	138,271
<b>Fund Balances - Beginning of Year</b>	<u>3,446,827</u>	<u>298,936</u>	<u>3,745,763</u>	<u>3,607,492</u>
<b>Fund Balances - End of Year</b>	<u>\$3,301,307</u>	<u>\$248,354</u>	<u>\$3,549,661</u>	<u>\$3,745,763</u>

The notes to the financial statements are an integral part of this statement.

**RECREATION DISTRICT NO. 3  
OF LIVINGSTON PARISH**

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

FOR THE YEAR ENDED DECEMBER 31, 2018  
(With Comparative Totals for the Year Ended December 31, 2017)

	2018	2017
Total Net Change in Fund Balances - Governmental Funds	\$(196,102)	\$ 138,271
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		
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. This is the amount by which depreciation exceeds capital outlays in the period:		
Capital Outlays	54,100	137,720
Depreciation Expense	(227,718)	(267,290)
Change in prepaid insurance	701	1,480
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
General Obligation Bond Principal Repayments	50,000	100,000
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
(Increase) Decrease in Net Pension Obligation	(26,295)	(64,949)
Proportionate share of non-employer contributions to the pension plans do not provide current financial resources and, therefore, are not reported as revenues in the governmental funds.		
	11,288	11,061
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.		
	870	1,741
Change in Net Position of Governmental Activities	\$(333,156)	\$ 58,034

The notes to the financial statements are an integral part of this statement.

**RECREATION DISTRICT NO. 3  
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 Taxes	\$ 2,450,000	\$ 2,457,500	\$ 2,449,972	\$ (7,528)
Intergovernmental	4,000	6,000	6,000	-
Interest	41,000	41,000	39,591	(1,409)
Charges for Services:				
Day Camp and Before and After School Fees	668,000	612,235	586,282	(25,953)
Team Registrations	169,100	219,357	224,492	5,135
Recreational Center Rental	25,000	27,500	23,920	(3,580)
Ballfield Rentals	21,000	22,700	19,835	(2,865)
Fitness and Aquatics Center	678,500	625,595	615,735	(9,860)
West Livingston Rental	4,500	4,500	4,775	275
Concessions:				
Subcontracted	95,500	110,491	109,391	(1,100)
Vending Machines	2,400	2,400	2,324	(76)
Sponsorships	18,700	22,000	21,250	(750)
Miscellaneous	5,300	6,438	6,758	320
Total Revenues	4,183,000	4,157,716	4,110,325	(47,391)
 <b>Expenditures:</b>				
Parks and Recreation Personnel:				
Salaries and Wages	1,684,287	1,708,846	1,719,553	(10,707)
Commissioners Per Diem	8,400	7,100	7,000	100
Payroll Taxes	74,000	83,330	82,957	373
Retirement Contributions	116,665	114,050	113,741	309
Health and Life Insurance	104,000	108,600	110,467	(1,867)
	1,987,352	2,021,926	2,033,718	(11,792)

(CONTINUED)

**RECREATION DISTRICT NO. 3  
OF LIVINGSTON PARISH**

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

FOR THE YEAR ENDED DECEMBER 31, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
<b>Program Expenses:</b>				
Team Sports	79,100	122,597	120,458	2,139
Day Camp and Before and After School Programs	130,000	129,000	132,698	(3,698)
Fitness and Aquatics Center	42,375	34,105	36,483	(2,378)
Tournament Expense	250	-	-	-
Driving Range	-	93	-	93
	251,725	285,795	289,639	(3,844)
<b>General Operations:</b>				
Utilities	245,000	268,500	274,554	(6,054)
<b>Maintenance and Repairs:</b>				
Buildings and Grounds	125,500	105,000	100,193	4,807
Fitness and Aquatics Center	211,000	224,320	223,062	1,258
Vehicles	4,000	6,500	6,323	177
Tractors	40,000	45,000	44,045	955
West Livingston	42,000	20,568	38,971	(18,403)
Insurance	160,000	171,700	168,867	2,833
Contracted Services	59,500	62,500	64,447	(1,947)
Professional Services	43,500	42,100	46,087	(3,987)
<b>Concession Expenses:</b>				
<b>Repairs and Small Equipment</b>				
Purchases	46,500	66,711	66,486	225
Internally Controlled	1,500	1,992	2,214	(222)
Vending Machines	3,000	2,850	3,138	(288)
Telephone	17,000	15,800	16,219	(419)
Janitorial Supplies and Service	10,000	16,000	17,680	(1,680)
Truck and Tractor - Gas and Oil	20,000	20,000	21,317	(1,317)
Sponsorship Expenses	5,000	2,853	2,853	-

(CONTINUED)

**RECREATION DISTRICT NO. 3  
OF LIVINGSTON PARISH**

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

FOR THE YEAR ENDED DECEMBER 31, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
Office Supplies	8,000	7,500	7,026	474
Uniforms	9,300	10,100	11,603	(1,503)
Advertising	5,500	5,764	5,812	(48)
Dues and Subscriptions	1,000	1,065	1,065	-
Postage and Freight	900	1,200	1,229	(29)
Miscellaneous	52,716	(36,494)	16,247	(52,741)
Assessors Pension Fund	92,000	92,959	97,363	(4,404)
Capital Outlay	99,600	54,100	54,100	-
Intergovernmental Transfer	641,407	641,407	641,587	(180)
	<u>1,943,923</u>	<u>1,849,995</u>	<u>1,932,488</u>	<u>(82,493)</u>
Total Expenditures	<u>4,183,000</u>	<u>4,157,716</u>	<u>4,255,845</u>	<u>(98,129)</u>
Excess of Revenues Over Expenditures	-	-	(145,520)	(145,520)
<b>Fund Balance - Beginning of Year</b>	<u>3,446,827</u>	<u>3,446,827</u>	<u>3,446,827</u>	-
<b>Fund Balance - End of Year</b>	<u>\$ 3,446,827</u>	<u>\$ 3,446,827</u>	<u>\$ 3,301,307</u>	<u>\$ (145,520)</u>

The notes to the financial statements are an integral part of this statement.

**RECREATION DISTRICT NO. 3 OF  
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018

**Note 1 - Organization, Nature of Operations, and Summary of Significant Accounting Policies -**

**a. Organization and Nature of Operations**

Recreation District No. 3 of the Parish of Livingston, State of Louisiana ("the District") was created November 27, 1973, by the Livingston Parish Council, as provided by Louisiana Revised Statute 33:4562. A board of seven commissioners who are appointed by the Livingston Parish Council governs the District. The purpose of the District is to provide playground and other facilities that promote recreation and general health and well-being. The District encompasses approximately 29% of Livingston Parish, Louisiana, and serves approximately 35,000 people. The District operates three recreational facilities referred to as North Park, South Park, and West Livingston Playground.

**b. Reporting Entity**

The Livingston Parish Council is the financial reporting entity for Livingston Parish, Louisiana. The Livingston Parish Council appoints a voting majority of the District's governing body and can impose its will on the District. Accordingly, the District has been determined to be a component unit of the Livingston Parish Council.

The accompanying financial statements present information only on the activities and funds maintained by the District and do not present information on the Livingston Parish Council, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity for Livingston Parish, Louisiana.

The District has no entities or organizations that are required to be included in its financial report as defined by Governmental Accounting Standards Board (GASB) Statement 61.

**c. Basis of Statement Presentation**

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) of the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

This financial report has been prepared in conformity with GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments.

**RECREATION DISTRICT NO. 3 OF  
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

**d. Fund Accounting**

The District uses fund accounting to maintain its financial records and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions relating to certain governmental functions or activities.

A fund is defined as a separate accounting entity with a self-balancing set of accounts. Funds of the District are classified as governmental funds. Governmental funds account for the District's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. The governmental funds presented in the financial statements are described as follows:

**Governmental Fund Types**

**General Fund**

The General Fund is the general operating fund of the District and accounts for all financial resources, except those required to be accounted for in other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid for through other funds are paid from the General Fund.

**Debt Service Fund**

The Debt Service Fund is used to account for accumulation of resources for the payment of general long-term debt principal, interest, and related costs.

**e. Measurement Focus/Basis of Accounting**

**Basic Financial Statements - Government-Wide Financial Statements (GWFS)**

The Statement of Net Position and the Statement of Activities display information about the reporting government as a whole. These statements include all the financial activities of the District.

The GWFS were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

**RECREATION DISTRICT NO. 3 OF  
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

The District does not allocate indirect expenses.

**Basic Financial Statements - Governmental Funds**

The accounting and financial reporting treatment applied to a fund are determined by its measurement focus. Governmental Funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of Governmental Funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. The General Fund and the Debt Service Fund are considered major funds of the District.

The modified accrual basis of accounting is used by Governmental Funds. 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 the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter (generally 60 days) to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. The Governmental Funds use the following practices in recording revenues and expenditures:

**Revenues**

**Ad valorem** taxes are recorded in the year the taxes are due and payable. Generally, ad valorem taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent on January 1 of the following year. The taxes are generally collected in December, January, and February of the fiscal year.

**Interest income** is composed of interest from interest-bearing demand deposits, from time deposits and from ad valorem taxes. Interest earned on idle cash, cash equivalents, and investments is recorded when the income is both measurable and available.

**RECREATION DISTRICT NO. 3 OF  
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

**Intergovernmental revenues** are recorded when the income is both measurable and available.

**Grant revenues** are recorded when the District is entitled to reimbursement of expenditures under the terms of the grant.

**Charges for services** are recorded as revenue when the fees are collected because they are usually paid at the time the service is rendered.

**Other revenues**, such as; concession sales, sponsorships, donations, refunds, and miscellaneous revenues are recorded as revenue when the money is received because they are generally not measurable until actually received.

**Expenditures**

Principal and interest on general long-term obligations are recognized when due. All other expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

**Other Financing Sources (Uses)**

Other financing sources (uses) include the proceeds from the sale of fixed assets and transfers between funds that are not expected to be repaid. Proceeds from the sale of fixed assets are recorded when received and transfers are recorded when the transfer is made. There were no sales or transfers in the current year.

**f. Budgetary Policy and Accounting**

The District prepares its annual operating budget on the modified accrual basis of accounting, which is consistent with generally accepted accounting principles (GAAP). The District's budget process also has to follow the requirements of state law as set forth by the Louisiana Local Government Budget Act.

The following procedures are used in establishing the budgetary data reflected in the financial statements:

- Before the second Monday of November, the District prepares a budget for the next fiscal year that begins January 1. The operating budget includes proposed expenditures and the means of financing them.
- The board members discuss the proposed budget at the regular meeting of the Board of Commissioners on the second Monday of November and set the date for the special public hearing on the proposed budget.

**RECREATION DISTRICT NO. 3 OF  
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

- The public hearing to review and discuss the budget is held immediately before the regular meeting of the Board of Commissioners on the second Monday in December. The public hearing for the District's 2018 original budget was held on December 11, 2017.
- The budget is adopted at the Board of Commissioners regular monthly meeting immediately following the public hearing.

Once the budget is approved, it can be amended by approval of a majority of the Board of Commissioners. The process of presenting and approving budget amendments follows a procedure similar to the one used to adopt the initial budget. There was one amendment made to the budget that was initially adopted for 2018. The amendment was approved at a regular meeting of the District's Board of Commissioners on December 10, 2018.

All budget appropriations lapse at year-end.

**g. Encumbrances**

Encumbrances outstanding at year end do not represent GAAP expenditures or liabilities but represent budgetary accounting controls. The Governmental Fund's budget is maintained on the modified accrual basis of accounting except that budgetary basis expenditures include purchase orders and contracts (encumbrances) issued for goods or services not received at year end.

The actual results of operations are presented in accordance with GAAP and the Commission's accounting policies do not recognize encumbrances as expenditures until the period in which the goods or services are actually received and a liability is incurred. At December 31, 2018, the District had no outstanding encumbrances.

**h. Inventories**

Inventories are valued by management at cost and estimated cost. Inventories consist primarily of equipment fuel. Inventories at year-end are offset by an equal amount of nonspendable fund balance.

**i. Cash and Cash Equivalents**

Cash includes petty cash, demand deposits, and interest-bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of three months or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States. Cash and cash equivalents are presented at cost in the District's balance sheet.

**RECREATION DISTRICT NO. 3 OF  
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

**j. Investments**

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 and the District's investment policy. If the original maturities of time deposits exceed three months, they are classified as investments; however, if the original maturities are three months or less, they are classified as cash equivalents.

GASB Statement 31 requires the District to report its investments at fair value in the balance sheet except for investments in non-participating interest-earning contracts, such as non-negotiable certificates of deposit with redemption terms that do not consider market rates. This type of investment is reported using a cost-based measure, provided that the fair value of the contract is not significantly affected by the impairment of the credit standing of the issuer or other factors.

**k. Receivables and Payables**

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable based on agings and estimated charge-off percentages comprise the trade accounts receivable allowance for uncollectibles. The property tax receivable allowance is equal to three percent of the current year property tax levy.

Property taxes are levied in September or October each year on property values assessed as of the same date. Billed taxes become delinquent on January 1 of the following year, at which time the applicable property is subject to lien, and penalties and interest are assessed.

**l. Prepaid Items**

Payments for general insurance reflect costs that are applicable to future periods and are recorded as prepaid in the government-wide financial statements. In the fund financial statements, the entire payment is treated as a current expenditure even though future periods benefit from the advance payment.

**m. Capital Assets and Depreciation**

Capital assets include any land, buildings, major park improvements, equipment, and vehicles owned by the District. All capital assets are valued at historical cost, except for donated assets, which are valued at estimated fair market value at the date of donation. At December 31, 2018 the District had no donated assets. In cases where assets are constructed with borrowed money the interest expense paid on the related debt is capitalized as part of the cost of the asset.

It is the District's policy to capitalize purchases of moveable property costing at least \$1,000 and purchases of real property and major park improvements costing at least \$1,500.

All buildings, major park improvements, equipment and vehicles are depreciated using the straight line method of depreciation over the following estimated useful lives:

**RECREATION DISTRICT NO. 3 OF  
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

<u>Assets</u>	<u>Years</u>
Buildings	40
Park Improvements	10 - 30
Equipment	5 - 25
Vehicles	5

**n. Deferred Outflows and Inflows of Resources**

The statement of financial position reports a separate section for deferred outflows and (or) inflows of financial resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represents an acquisition of a net position that applies to a future period(s) and so will not be recognized as an inflow of resources until that time.

All of the District's deferred outflows and inflows of resources on the statement of net position are related to pensions. See pension Note 7.

**o. Vacation and Sick Leave**

Upon completion of one year of service, all full time employees earn from 10 to 20 days of vacation leave each year depending upon the number of years employed. All full-time employees earn from 5 to 10 days of sick leave each year depending upon when they are hired during the year and the number of years employed. Vacation cannot be carried over from year to year or taken in advance. Sick leave can be accumulated up to a maximum of 100 days. Unused vacation or sick leave is not paid to employees when they terminate. Accordingly, the financial statements do not include any liability for compensated absences. The cost of current leave privileges is recognized as a current year expenditure in the General Fund when the leave is actually used.

**p. Transfers and Interfund Loans**

Transfers are advances between funds that are not expected to be repaid. In those cases where repayment is expected, the advances are accounted for through the various "due from" and "due to" accounts in the fund financial statements. The "due from" and "due to" accounts are eliminated in the government-wide financial statements.

**q. Pension**

The District is a participating employer in cost-sharing, multiple-employer defined benefit plan as described in Note 7. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of each of the plans, and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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**r. Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position.

In the fund financial statements, governmental fund types recognize the face amount of debt issued as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**s. Use of Estimates**

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

**t. Net Position**

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position invested in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any debt proceeds used for the acquisition, construction, or improvements of those assets. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. All other net position is reported as unrestricted.

**u. 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.

**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.

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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.

**v. Summary Financial Information for 2017**

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 reclassification had no effect on the previous reported excess (deficiency) if revenues over expenditures or change in net position.

**Note 2 - Cash, Cash Equivalents and Investments -**

For reporting purposes, cash and cash equivalents include cash, demand deposits, and time certificates of deposit with original maturities of 90 days or less when purchased. If the original maturities of time certificates of deposits exceed three months, they are classified as investments. 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 certificates of deposit with maturities less than 90 days totaling \$1,006,062 with a carrying amount of \$1,031,261 and certificates of deposit with maturities over 90 days with a confirmed balance and a carrying amount totaling \$304,926 at December 31, 2018. Cash, cash equivalents and certificates of deposits 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 and certificates of deposit with maturities less than 90 days, and certificates of deposit over 90 days at December 31, 2018:

	<u>Deposits in Bank Accounts</u>		
	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Total</u>
Book Balance	\$1,031,261	\$ 304,926	\$1,336,187
Bank Balance	\$1,006,062	\$ 304,926	\$1,310,988

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**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 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 \$1,310,988 was exposed to custodial credit risk.

**Note 3 - Ad Valorem Taxes -**

On April 23, 2005, the voters, who live within the boundaries of Recreation District No. 3 of Livingston Parish, Louisiana, passed a 15 mill (\$15 per \$1,000 of assessed valuation) ad valorem tax to provide funds for the operation and maintenance of the public parks located within the District. The tax is effective for a ten year period (2006 - 2015). On November 4, 2014 the voters, who live within the boundaries of Recreation District No. 3 of Livingston Parish, Louisiana, passed a renewal of the levy and collection of the 15 mill ad valorem tax for the purpose of operating and maintaining the District. The tax is effective for a period of ten years, beginning in the year 2015 and ending in the year 2025. In addition to this tax, the District can assess a millage (tax) to provide sufficient funds to pay for the principal and interest on a public improvement bond issue that was approved by the voters who lived in the District during 1991. This millage will expire in 2021.

The ad valorem taxes are levied each November 15 on the taxable assessed value listed as of the prior January 1 for all real and business personal property located within the boundaries of Recreation District No. 3. Taxable assessed value represents the appraised value of the property less exemptions allowed by law. The Livingston Parish District periodically determines the appraised values.

As of January 1, 2018, the assessed value of the property located within Recreation District No. 3 of Livingston Parish, Louisiana, was \$167,950,083. For 2018, the District elected to assess 15 mills to finance the maintenance and operations of the parks. In addition, management determined that a 0.10 mill assessment was needed to satisfy the payment of interest on the public improvement bonds. Accordingly, a total of 15.10 mills was assessed for 2018.

Taxes are due on November 15, the levy date, and they become delinquent on the following January 1. The taxes are generally collected in December of the current year and January through March of the following year. During late April or May, of the year following the year the tax was levied, the Sheriff's office sends out delinquent notices to the property owners. Soon after the Sheriff has mailed the delinquent notices, he will publish them in the newspaper. After a second publication in the newspaper and at least 30 days from the date of the first publication, the property is advertised for auction. The auction usually takes place in June or July. Properties sold at auction have liens placed on them by their buyers. The Parish will put a lien on any properties not sold at the auction.

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Delinquent tax collections are prorated between maintenance and debt service based on the rates adopted by the District for the year the particular levy was assessed. Management has based the allowances for uncollectible ad valorem taxes for the General and Debt Service Funds using historical experience in collecting the taxes and adjusting for allowances of prior years not used by the end of the current year. Historically, approximately 97% of the taxes have been collected. Total taxes assessed and taxes receivable at December 31, 2018, are as follows:

	<u>General Operations 15.00 Mills</u>	<u>Debt Service 0.10 Mill</u>	<u>Total</u>
<b><u>Revenues:</u></b>			
2018 Ad Valorem Tax Assessed	\$ 2,519,251	\$ 16,794	\$ 2,536,045
Add (Less): Current Allowance for Uncollectible Taxes	<u>(69,279)</u>	<u>(395)</u>	<u>(69,674)</u>
Net Ad Valorem Tax Revenue	<u>\$ 2,449,972</u>	<u>\$ 16,399</u>	<u>\$ 2,466,371</u>
<b><u>Receivable:</u></b>			
2018 Property Tax Assessed	\$ 2,519,251	\$ 16,795	\$ 2,536,046
Less: Current Year Taxes Collected in 2018	<u>-</u>	<u>-</u>	<u>-</u>
Taxes Receivable - Current Year	2,519,251	16,795	2,536,046
Prior Years Tax Receivables at December 31, 2017	2,086,215	13,841	2,100,056
Less: Prior Years Tax Collected in 2018	(2,027,378)	(13,469)	(2,040,847)
Less: Prior Years Receivable Written Off Against Allowance	<u>(58,837)</u>	<u>(372)</u>	<u>(59,209)</u>
Taxes Receivable - Prior Years	<u>-</u>	<u>-</u>	<u>-</u>
Total Property Taxes Receivable at December 31, 2018	2,519,251	16,794	2,536,045
Less: Allowance for Uncollectible Accounts	<u>(75,578)</u>	<u>(504)</u>	<u>(76,082)</u>
Net Property Tax Receivable at December 31, 2018	<u>\$ 2,443,673</u>	<u>\$ 16,290</u>	<u>\$ 2,459,963</u>

**Note 4 - Interfund Receivables and Payables -**

From time to time, the District may pay for certain fees with general funds rather than with debt service funds as a matter of convenience. The fund will then reimburse the other fund for amounts advanced on its behalf. As a result, the manner in which cash is spent and received creates short-term interfund loans. A summary of these interfund loans at year-end is as follows:

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	Due to Debt Service Fund	Due from General Fund
General Fund	\$ 2,768	\$ -
Debt Service Fund	-	2,768
Total	\$ 2,768	\$ 2,768

**Note 5 - Changes in Capital Assets -**

A summary of changes in capital assets follows:

	Balance December 31, 2017	Additions	Deletions	Balance December 31, 2018
<u>Governmental Activities:</u>				
Capital Assets not being Depreciated:				
Land	\$ 537,909	\$ -	\$ -	\$ 537,909
Construction in Progress	-	-	-	-
Total Capital Assets not being Depreciated	537,909	-	-	537,909
Capital Assets being Depreciated:				
Buildings	2,795,583	-	-	2,795,583
Park Improvements	4,278,532	54,100	-	4,332,632
Vehicles	144,708	-	-	144,708
Equipment and Furniture	1,401,777	-	-	1,401,777
Total Capital Assets being Depreciated	8,620,600	54,100	-	8,674,700
Less: Accumulated Depreciation for:				
Buildings	1,890,429	70,693	-	1,961,122
Park Improvements	3,536,825	98,379	-	3,635,204
Vehicles	137,051	4,273	-	141,324
Equipment and Furniture	1,158,001	54,373	-	1,212,374
Total Accumulated Depreciation	6,722,306	227,718	-	6,950,024
Total Capital Assets being Depreciated, Net	1,898,294	(173,618)	-	1,724,676
Total Governmental Activities Capital Assets, Net	\$2,436,203	\$ (173,618)	\$ -	\$2,262,585

Depreciation expense of \$227,718 was charged to the General Operations function in the Statement of Activities.

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**Note 6 - Changes in General Long-Term Debt -**

The following is a summary of the changes in general long-term debt of the District for the year ended December 31, 2018:

Long-term debt at December 31, 2017	\$ 250,000
Additions	-
Repayments	<u>(50,000)</u>
Long-term debt payable at December 31, 2018	<u>\$ 200,000</u>

The long-term debt at year-end, consists of the unpaid principal of public improvement bonds that were originally issued April 1, 1992. At year-end, there were outstanding interest payments totaling \$28,000. The remaining bonds will mature from 2019 to 2022 at interest rate of 7.00% percent per annum. The bonds are secured by an ad valorem tax on real and business personal property within Recreation District No. 3 of Livingston Parish.

The annual requirements to amortize the remaining bonds outstanding are as follows:

<u>Year Ending</u>	<u>Yearly Payments</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2019	\$ 50,000	\$ 12,250	\$ 62,250
2020	50,000	8,750	58,750
2021	50,000	5,250	55,250
2022	<u>50,000</u>	<u>1,750</u>	<u>51,750</u>
	<u>\$ 200,000</u>	<u>\$ 28,000</u>	<u>\$ 228,000</u>

**Note 7 - Retirement Plan -**

The District follows the requirements of GASB Statement 68. Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27 and GASB Statement 71, Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment to GASB 68. These standards revise and establish new financial reporting requirements for governments that provide their employees with pension benefits. These standards require the District to record its proportionate share of each of the pension plans net pension liability and report the following disclosures:

**General Information about the Pension Plan**

***Parochial Employees Retirement System of Louisiana Plan Description:***

Twenty-three of the District's employees are members of the Parochial Employees' Retirement System (PERS) - Plan "A", a cost-sharing multiple-employer defined benefit plan administered by the Parochial Employees' Retirement System of Louisiana. PERS was established and provided for by R.S. 11:1901 of the Louisiana Revised Statute. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. PERS issues a publicly available financial report that can be obtained at [www.persla.org](http://www.persla.org).

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***Benefits Provided:***

The following is a description of the plan and their benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

**1. Retirement**

All permanent parish government employees (except those employed by Orleans, Lafourche and East Baton Rouge Parishes) who work at least 28 hours a week shall become members on the date of employment. New employees meeting the age and Social Security criteria have up to 90 days from the date of hire to elect to participate. As of January 1997, elected officials, except coroners, justices of the peace, and parish presidents may no longer join the System. Any member of Plan A can retire providing he/she meets one of the following criteria:

For employees hired prior to January 1, 2007:

- 1 - Age 55 with thirty (30) years of creditable service.
- 2 - Age 55 with twenty-five (25) years of creditable service.
- 3 - Age 60 with a minimum of ten (10) years of creditable service.
- 4 - Age 65 with a minimum of seven (7) years of creditable service.

For employees hired after January 1, 2007:

- 1 - Age 55 with thirty (30) years of creditable service.
- 2 - Age 62 with a minimum of ten (10) years of creditable service.
- 3 - Age 67 with a minimum of seven (7) years of creditable service.

Generally, the monthly amount of the retirement allowance for any member of Plan A shall consist of an amount equal to two percent of the members' final average compensation multiplied by his years of creditable service. However, under certain conditions, as outlined in the statutes, the benefits are limited to specified amounts.

**2. Survivor Benefits**

Upon the death of any member of Plan A with five (5) or more years of service who is not eligible for retirement, the plan provides for benefits for the surviving spouse and minor children, as outlined in the statutes.

Any member of Plan A, who is eligible for normal retirement at time of death, the surviving spouse shall receive an automatic Option 2 benefit, as outlined in the statutes.

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**3. Deferred Retirement Option Plan**

Act 338 of 1990 established the Deferred Retirement Option Plan (DROP) for the Retirement System. DROP is an option for that member who is eligible for normal retirement. In lieu of terminating employment and accepting a service retirement, any member of Plan A or B who is eligible to retire may elect to participate in the Deferred Retirement Option Plan (DROP) in which they are enrolled for three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund. Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or roll over the fund to an Individual Retirement Account. Interest is accrued on the DROP benefits for the period between the end of DROP participation and the member's retirement date. For individuals who become eligible to participate in the Deferred Retirement Option Plan on or after January 1, 2004, all amounts which remain credited to the individual's subaccount after termination in the Plan will be placed in liquid asset money market investments at the discretion of the board of trustees. These subaccounts may be credited with interest based on money market rates of return or, at the option of the System, the funds may be credited to self-directed subaccounts. The participant in the self-directed portion of this Plan must agree that the benefits payable to the participant are not the obligations of the state or the System, and that any returns and other rights of the Plan are the sole liability and responsibility of the participant and the designated provider to which contributions have been made.

**4. Disability Benefits**

For Plan A, a member shall be eligible to retire and receive a disability benefit if he/she was hired prior to January 1, 2007, and has at least five years of creditable service or if hired after January 1, 2007, has seven years of creditable service, and is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan A shall be paid a disability benefit equal to the lesser of an amount equal to three percent of the member's final average compensation multiplied by his years of service, not to be less than fifteen, or three percent multiplied by years of service assuming continued service to age of sixty.

**5. Cost of Living Increases**

The Board is authorized to provide a cost of living allowance for those retirees who retired prior to July 1973. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. In addition, the Board may provide an additional cost of living increase to all retirees and beneficiaries who are over age sixty-five equal to 2% of the member's benefit paid on October 1, 1977, (or the

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member's retirement date, if later). Also, the Board may provide a cost of living increase up to 2.5% for retirees 62 and older. (RS 11:1937). Lastly, Act 270 of 2009 provided for further reduced actuarial payments to provide an annual 2.5% cost of living adjustment commencing at age 55.

***Contributions:***

According to state statute, contributions for all employers are actuarially determined each year. The District's required contribution rate for the period January 1, 2018 to December 31, 2018 was 11.5%. Employees were required to contribute 9.50% of their annual salary for the applicable period. Contributions to PERS from the District were \$113,741 for the year ended December 31, 2018.

According to state statute, PERS also receives  $\frac{1}{4}$  of 1% of ad valorem taxes collected within the respective parishes, except for Orleans and East Baton Rouge parishes. PERS also receives revenue sharing funds each year as appropriated by the Legislature. Tax monies and revenue sharing monies are apportioned between Plan A and Plan B in proportion to the member's compensation. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities. The amount of non-employer contributions recognized as revenue in the government-wide governmental activities statement of activities was \$11,288 for the year ended December 31, 2018.

**Pension Assets, Pension Expense, and Deferred Outflows and Deferred Inflows of Resources Related to Pensions**

At December 31, 2018, the District reported an asset of \$112,702 for its proportionate share of the net pension asset of PERS. For PERS, the net pension asset was measured as of December 31, 2017 and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. The District's proportion of the net pension asset was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2017, the District's proportion was .15184% for PERS which was an increase of .0021% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the District recognized pension expense of \$140,032 for PERS.

At December 31, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 72,955
Changes in assumptions	142,246	-
Net difference between projected and actual earnings on pension plan investments	-	260,374
Changes in proportion and differences between Employer contributions and proportionate share of contributions	717	1,007
Employer contributions subsequent to the measurement date	113,741	-
Total	\$ 256,704	\$ 334,336

\$113,741 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:

2018	\$ 16,401
2019	(17,111)
2020	(87,464)
2021	(103,199)
	\$ (191,373)

***Actuarial Assumptions:***

A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2017 for PERS are as follows:

	PERS
Inflation	2.50%
Salary increases	5.25% including inflation
Investment rate of return	6.75% (net of investment expense, including inflation)

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For PERS, mortality rates were based on RP-2000 Employee Mortality Table for active members; RP-2000 Healthy Annuitant Mortality Table was selected for healthy annuitants and beneficiaries; and RP-2000 Disabled Lives Mortality Table was selected for disabled annuitants.

For PERS' cost of living adjustments, the present value of future retirement benefits is based on benefits currently being paid by the Systems and includes previously granted cost of living increases. The present values do not include provisions for potential future increase not yet authorized by the Board of Trustees.

For PERS, the long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.62% for the year ended December 31, 2017. Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of December 31, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	35.0%	1.24%
Equity	52.0%	3.57%
Alternatives	11.0%	0.69%
Real Assets	2.0%	0.12%
Total	<u>100.0%</u>	<u>5.62%</u>
Inflation		<u>2.00%</u>
Expected Arithmetic Nominal Return		<u>7.62%</u>

***Discount Rate:***

The discount rate used to measure the total pension liability was 7.00% for PERS which was no change from the prior measurement date of December 31, 2016. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions from participating employers and non-employer contributing entities will be made at actuarially determined rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments

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of current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

***Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate as of December 31, 2017 for PERS:

	Changes in Discount Rate		
	1% Decrease	Current Discount	1% Increase
	5.75%	6.75%	7.75%
Net pension liability (asset)	\$ 555,662	\$ (112,702)	\$ (707,836)

***Pension Plan Fiduciary Net Position***

PERS issued a stand-alone audit report on its financial statements for the year ended December 31, 2017. Access to the audit report can be found on the System's website: [www.persla.org](http://www.persla.org) or on the Office of Louisiana Legislative Auditor's official website: [www.lla.state.la.us](http://www.lla.state.la.us).

**Payables to Pension Plan**

There was a \$47,945 payable to PERS at December 31, 2018. This payable is normal legally required contributions to the pension plan.

**Note 8 - Per Diem Paid Board Members -**

Each member of the Board of Commissioners is eligible to receive a per diem allowance of \$100 for attending each regular or special meeting of the board, not to exceed 24 meetings in one calendar year. Per diems paid to the board members for this year were as follows:

<u>Commissioner</u>	<u>Number of Meetings</u>	<u>Amount Received</u>
Julie Dyason-Norris	10	\$ 1,000
Guy Smith	2	200
Jay Mallett	9	900
Scott Huffstetler	9	900
Arthur Perkins	11	1,100
Jimmy Purvis	10	1,000
Ryan Harris	8	800
Karen Anderson	11	1,100
Total		\$ 7,000

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**Note 9 - Income Taxes -**

The District is exempt from all Federal and Louisiana income taxes.

**Note 10 - Risk Management -**

The District is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. The District has purchased commercial insurance to cover or reduce the risk of loss that might arise should one of these incidents occur. There have been no significant reductions in coverage from the prior year. No settlements were made during the current fiscal year that exceeded the District's insurance coverage.

The District's management has not purchased commercial insurance or made provision to cover or reduce the risk of loss, as a result of business interruption and certain acts of nature, like flood or earthquakes.

The District also does not carry general liability insurance on the parks and playgrounds because it has been unable to obtain coverage at a cost it considers to be economically justifiable. Accordingly, management has opted to self-insure for this type of risk. The District has not had to settle or pay any claims for incidents where it was uninsured. The district does carry a general liability policy for the Fitness and Aquatics Center, Public buildings, and for any District Sponsored sports events.

**Note 11 - Commitment -**

On July 30, 2008, the Board of Commissioners of the District 3 voted to adopt a Resolution requesting for the Parish of Livingston to proceed with a bond issue not to exceed \$9,000,000 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 September 23, 2008 the Board voted to authorize the sale of \$8,635,000 in bonds for the facility expansion and other costs related to the issuance of the debt. These bonds were issued on October 1, 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.

**RECREATION DISTRICT NO. 3 OF  
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

On April 14, 2014, the Board of Commissioners of the District 3 voted to adopt a Resolution requesting for the Parish of Livingston to proceed with a bond issue not to exceed \$9,750,000 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 June 19, 2014, the Livingston Parish Council issued \$9,195,000 Local Government Environmental Facilities and Community Development Authority Revenue Refunding Bonds (Livingston Parish, Louisiana – North Park Project), Series 2014 for the purpose of refunding a portion of the 2008 Series Bonds maturing in the years 2025-2038 (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 \$8,918,119 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, \$7,140,000 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. At December 31, 2018, there are no defeased bonds outstanding.

For the year ended December 31, 2018, a total of \$641,587 was paid by the District to the Livingston Parish Council for sinking fund payments. As of December 31, 2018, a total of \$12,092,708 is outstanding and due to the Livingston Parish Council and is anticipated to be paid to the trustee on behalf of the Livingston Parish Council by the District by the end of 2038 as provided by the Local Service Agreements.

For the Series 2008 and Series 2014 Bonds, the annual requirements of principal and interest and for sinking fund payments from operations per the Local Service Agreements are as follows:

**RECREATION DISTRICT NO. 3 OF  
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

Year Ending	Principal	Interest	Total	Annual Sinking Fund Requirements
2019	\$ 310,000	\$ 332,245	\$ 642,245	\$ 643,526
2020	330,000	317,365	647,365	647,390
2021	340,000	307,465	647,465	647,415
2022	350,000	297,265	647,265	647,140
2023	360,000	286,765	646,765	646,565
2024-2028	1,965,000	1,258,565	3,223,565	3,223,255
2029-2033	2,350,000	874,785	3,224,785	3,225,470
2034-2038	2,865,000	361,620	3,226,620	3,064,754
	\$ 8,870,000	\$ 4,036,075	\$ 12,906,075	12,745,515
Less:				
Contribution to Debt				
Service Reserve Funds				(652,807)
Total Remaining Commitment				\$ 12,092,708

**Note 12 - Schedule of Compensation, Benefits and Other Payments to Agency Head -**

In accordance with Louisiana Revised Statute 24:513A, the following is a Schedule of Compensation and Benefits received by Gary Templeton, Recreation District No. 3 Superintendent, who was the acting agency head for the year ended December 31, 2018:

	<u>Gary Templeton</u>
Salary	\$ 72,430
Benefits - Insurance	5,335
Benefits - Retirement	8,329
Registration Fees	142
Total Compensation	\$ 86,236

**Note 13 - 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

**RECREATION DISTRICT NO. 3 OF  
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

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.

In January 2017, the Governmental Accounting Standards Board issued GASB Statement No 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. A fiduciary component unit, when reported in the fiduciary fund financial statements of a primary government, should combine its information with its component units that are fiduciary component units and aggregate that combined information with the primary government's fiduciary funds. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.

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-

**RECREATION DISTRICT NO. 3 OF  
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

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 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

**RECREATION DISTRICT NO. 3 OF  
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

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.

**Note 14 - Subsequent Events -**

On March 15, 2019, the District purchased the Denham Springs Country Club for approximately \$187,000. Payment was made from the District's operating funds.

Management has evaluated subsequent events and transactions for potential recognition or disclosures in the financial statements through June 10, 2019, the date which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**RECREATION DISTRICT NO. 3  
OF LIVINGSTON PARISH**

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY

FOR THE YEAR ENDED JUNE 30, 2018\*

Fiscal Year	Employer's Proportion of the Net Pension (Asset) Liability	Employer's Proportionate Share of the Net Pension (Asset) Liability	Employer's Covered- Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
<b>Parochial Employees' Retirement System of Louisiana:</b>					
2015	0.13839%	\$ 37,773	\$ 764,665	4.94%	99.15%
2016	0.14836%	390,534	850,654	45.91%	92.23%
2017	0.14974%	308,384	888,019	34.73%	94.15%
2018	0.15184%	(112,702)	934,592	(12.06)%	101.98%

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

\*The amounts presented were determined as of the calendar year-end that occurred within the fiscal year.

See independent auditor's report.

**RECREATION DISTRICT NO. 3  
OF LIVINGSTON PARISH**

SCHEDULE OF CONTRIBUTIONS

FOR THE YEAR ENDED JUNE 30, 2018\*

Fiscal Year	Contractually Required Contributions	Contributions in Relation to Contractually Required Contributions	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
<b>Parochial Employees' Retirement System of Louisiana:</b>					
2015	\$ 123,345	\$ 123,345	\$ -	\$ 850,654	14.50%
2016	115,622	115,622	-	888,019	13.02%
2017	116,824	116,824	-	934,592	12.50%
2018	113,741	113,741	-	989,052	11.50%

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

\*The amounts presented were determined as of the fiscal year.

See independent auditor's report.

**RECREATION DISTRICT NO. 3 OF  
LIVINGSTON PARISH**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2018

**Parochial Employees' Retirement System of Louisiana:**

*Changes in Actuarial Assumptions*

Amounts reported in fiscal year ended December 31, 2017 for Parochial Employees' Retirement System of Louisiana (PERS) reflect an adjustment in the discount rate used to measure the total pension liability. The discount rate for PERS was reduced by .25% to 6.75% as of the valuation date December 31, 2017.

*Changes of Assumptions*

There were no changes of benefit assumptions for the year ended December 31, 2017.

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

To the Board of Commissioners  
Recreation District No. 3 of Livingston Parish  
Denham Springs, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Recreation District No. 3 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 10, 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 the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 10, 2019

**RECREATION DISTRICT NO. 3 OF  
LIVINGSTON PARISH**

**SCHEDULE OF FINDINGS AND RESPONSES**

FOR THE YEAR ENDED DECEMBER 31, 2018

**Internal Control Over Financial Reporting**

None

**Compliance and Other Matters**

None

**RECREATION DISTRICT NO. 3 OF  
LIVINGSTON PARISH**

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**

FOR THE YEAR ENDED DECEMBER 31, 2018

**Internal Control Over Financial Reporting**

None

**Compliance and Other Matters**

None

**RECREATION DISTRICT NO. 3**  
**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

To the Board of Commissioners  
Recreation District No. 3 of Livingston Parish  
Denham Springs, Louisiana

We have performed the procedures enumerated below, which were agreed to by the Recreation District No. 3 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. – **No Exceptions.**

- 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.

**Exception** - The District does have written policies and procedures on purchasing and on disbursements, but they do not specifically address contracting.

- g) *Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)*, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage. – **No Exceptions.**
- h) *Travel and expense reimbursement*, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers. – **No Exceptions.**
- 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 have written policies and procedures, but policies do not appear to address a system to monitor possible ethics violations.

- 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 not have written policies and procedures specifically related to debt service.

### ***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 each selected account, and observe that:
  - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically 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). – **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***

---

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

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

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- 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).
- 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.

**Exception** – The Superintendent, Assistant Superintendent, Acquatics Director, Fitness Director, Maintenance Manager, Administrative Treasurer, and Administrative Assistant can initiate a purchase request, approve purchases, and place an order. If the purchase order exceeds the budgeted amount, the Superintendent must be notified to approve the purchase.

- 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.

**Exception** – The Administrative Assistant is responsible for processing payments and mailing checks. She also has the authority to sign checks. However, all checks issued require the approval of the Superintendent, and require two signatures. Also, the Administrative Treasurer reviews all checks issued monthly and presents a transaction report of checks issued to the Board for their review and approval.

- 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, as applicable.

**Exception** – The Administrative Assistant processes and records payment transactions, is an authorized check signer, and has access to unused checks. However, all checks require two signatures and all authorized check signers physically sign checks. Also, the Administrative Treasurer reviews all checks issued monthly and presents a transaction report of checks issued to the Board for their review and approval.

### ***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 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, – **No Exceptions.**
  - (2) written documentation of the business/public purpose, – **No Exceptions.**
  - (3) documentation of the individuals participating in meals (for meal charges only). – **No Exceptions.**

### ***Contracts***

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13. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management’s representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner’s contract, and:
  - a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law. – **No Exceptions.**

- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter). – **No Exceptions.**
- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment. – **No Exceptions.**
- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract. – **No Exceptions.**

***Payroll and Personnel***

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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. – **No Exceptions.**
- 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.) – **No Exceptions.**
  - b) Observe that supervisors approved the attendance and leave of the selected employees/officials. – **No Exceptions.**
  - c) Observe that any leave accrued or taken during the pay period is reflected in the entity’s cumulative leave records. – **No Exceptions.**
- 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. – **The District did not have any termination payments during 2018.**
- 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 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 10, 2019



**Parks and Recreation District #3**  
**P.O. Box 1281**  
**Denham Springs, LA 70727**

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5/28/2019

Recreation District No. 3 of Livingston Parish  
RESPONSE to 2018 Financial Audit AUP Findings

The District hereby agrees to refine current procedures or implement written procedure regarding the below noted AUP findings:

1. Written Policies and Procedures:

- Item 1(f) Contracting                      The District will update the polices to address contracting.
- Item 1(i) Ethics                                The District has made additional updates to the 2019 Policy and Procedure Manual addressing the Ethics Policy.
- Item 1(j) Debt Services                      The District has updated the 2019 Policy and Procedure Manual addressing Debt Services.

2. Bank Reconciliations:

No exceptions, no comments

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

- Item 8(a)    The District will review the procedures for purchasing.
- Item 8(d)    The District will review the procedures for check signing.
- Item 9(b)    The District will review the procedures for transaction monitoring.

4. Credit Card/Debit Cards/Fuel Cards/P-Cards

No exceptions, no comments

5. Contracts

No exceptions, no comments

6. Payroll and Personnel

No Exceptions, no comments

Gary Templeton – Superintendent  
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