

**Terrebonne Parish Recreation District No. 2/3
Houma, Louisiana**

Annual Financial Report
As of and for the
Year Ended December 31, 2019

Terrebonne Parish Recreation District No. 2/3

**Annual Financial Report
As of and for the Year Ended December 31, 2019**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Terrebonne Parish Recreation District No. 2/3
Houma, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Terrebonne Parish Recreation District No. 2/3 (the District), a component unit of the Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes

evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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 Terrebonne Parish Recreation District No. 2/3, as of December 31, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 8 and the Budgetary Comparison Schedule on page 25 be presented to supplement the basic financial statements. Such information, although not 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 Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to District Head on page 26 is presented for purposes of additional analysis and is not a required part of the financial statements.

The Schedule of Compensation, Benefits, and Other Payments to District Head is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation, Benefits, and Other Payments to District Head is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.



Houma, Louisiana
June 30, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

Terrebonne Parish Recreation District No. 2/3
Management's Discussion and Analysis
December 31, 2019

As management of the Terrebonne Parish Recreation District No. 2/3 (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended December 31, 2019.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The Government-Wide Financial Statements (Statement of Net Position and the Statement of Activities) provide information about the governmental activities as a whole and present a longer-term view of the finances. The Fund Financial Statements (Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Fund) tell how services were financed in the short term as well as what remains for future spending. Fund financial statements also report the operations in more detail than the Government-Wide statements by providing information about the most significant funds.

Our auditor has provided assurance in his independent auditor's report that the financial statements are fairly stated. The auditor, regarding the Required Supplemental Information and the Other Information, is providing varying degrees of assurance. A user of this report should read the Independent Auditor's Report carefully to ascertain the level of assurance being provided for each of the parts in the Annual Financial Report.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the finances, in a manner like a private-sector business.

The statement of net position presents information on all the assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as an indicator of whether the financial position is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Terrebonne Parish Recreation District No. 2/3
Management's Discussion and Analysis
December 31, 2019

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – not as a whole. Some funds are required to be established by State laws.

The District utilizes mainly the governmental type of fund with the following accounting approach. Most of the basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the modified accrual accounting method, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in the reconciliations on pages 13 and 14.

FINANCIAL HIGHLIGHTS

Our financial statements provide these insights into the results of this year's operations:

- Terrebonne Parish Recreation District No. 2/3's assets exceeded its liabilities by \$11,968,761 (net position) as of December 31, 2019.
- Revenues exceeded expenditures by \$166,906 during the year.

The Statement of Net Position and the Statement of Activities reports all transactions as governmental activities. All of the basic governmental services are reported as this type. Property taxes finance most of these activities.

Terrebonne Parish Recreation District No. 2/3
Management's Discussion and Analysis
December 31, 2019

BASIC FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of an entity's financial position. The District's net position was \$11,968,761 as of December 31, 2019. The largest portion of the District's net position, \$11,112,456 or 93%, reflects its net investment in capital assets.

The District's Net Position

	December 31,	
	2019	2018
ASSETS		
Cash	\$ 1,128,685	\$ 2,795,031
Taxes receivable	644,348	343,010
Due from other governmental units	736,939	840,662
Other	2,661	2,185
Capital assets	13,696,151	11,342,119
Accumulated depreciation	<u>(2,583,695)</u>	<u>(2,143,869)</u>
 Total assets	 <u>13,625,089</u>	 <u>13,179,138</u>
LIABILITIES		
Accounts payable	101,068	28,989
Payroll tax liabilities	<u>7,274</u>	<u>-</u>
 Total liabilities	 <u>108,342</u>	 <u>28,989</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred ad valorem taxes revenue	<u>1,547,986</u>	<u>1,348,294</u>
NET POSITION		
Net investment in capital assets	11,112,456	9,198,250
Unrestricted	<u>856,305</u>	<u>2,603,605</u>
 Total net position	 <u>\$ 11,968,761</u>	 <u>\$ 11,801,855</u>

The District's net position increased as a result of this year's operations. Unrestricted net position (the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements) decreased by \$1,747,300 during the year. The balance in net position represents the accumulated results of all past years' operations.

Terrebonne Parish Recreation District No. 2/3
Management's Discussion and Analysis
December 31, 2019

During the year, the District's net position decreased by \$166,906. The elements of the increase are as follows:

The District's Change in Net Position

	For the Year Ended	
	December 31,	
	2019	2018
REVENUES		
Ad valorem taxes	\$ 1,298,939	\$ 1,280,550
Intergovernmental:		
State of Louisiana revenue sharing	52,069	31,148
Other	23,981	54,053
Total revenues	<u>1,374,989</u>	<u>1,365,751</u>
EXPENDITURES		
Depreciation	439,826	380,638
General operating	403,394	304,982
Personal services	364,863	336,592
Total expenditures	<u>1,208,083</u>	<u>1,022,212</u>
CHANGE IN NET POSITION	<u>\$ 166,906</u>	<u>\$ 343,539</u>

As indicated above, net position increased by \$166,906. The decrease in the change in net position from 2018 to 2019 is mainly attributed to the increase in general operating expenses.

FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS (FFS)

The District uses funds to help it control and manage money for particular purposes. Looking at individual funds helps you consider whether the District is being accountable for the resources provided to it but may also give you more insight into the overall financial health.

The General Fund includes revenue and expenditures necessary to the operation of the District's office such as personnel, benefits, and operation and maintenance of facilities and vehicles. The General Fund reflected \$1,374,989 in total revenues, including \$1,298,939 in property taxes. Total current expenditures were \$768,257. Capital outlay was \$2,354,032. After a \$1,747,300 excess of expenditures over revenues for the year, the ending fund balance was \$856,305, all in the unassigned category.

Terrebonne Parish Recreation District No. 2/3
Management's Discussion and Analysis
December 31, 2019

CAPITAL ASSETS

As of December 31, 2019, the District had \$11,112,456 invested in capital assets.

	<u>2019</u>	<u>2018</u>
Capital assets	\$ 13,696,151	\$ 11,342,119
Less accumulated depreciation	<u>(2,583,695)</u>	<u>(2,143,869)</u>
	<u>\$ 11,112,456</u>	<u>\$ 9,198,250</u>

Depreciation expense for the year is \$439,826. The District spent \$2,354,032 in capital asset additions during the year. There were no retirements during the year.

BUDGETARY HIGHLIGHTS

The District amended its budget once during the fiscal year. The budget for revenues was \$1,358,100, and the budget for expenditures was \$3,257,683.

The District's actual revenues were greater than the budgeted revenues by \$16,889, a favorable variance of 1.2%. The District's actual expenditures were less than the budgeted expenditures by \$135,394, a favorable variance of 4.2%.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances and to show accountability for the money it received. If you have any questions concerning any of the information provided in this report or have a request for additional financial information, contact:

Board of Commissioners
412 Westview Drive
Houma, LA 70364
(985) 868-7321

FINANCIAL STATEMENTS

Terrebonne Parish Recreation District No. 2/3
Statement of Net Position
December 31, 2019

Assets	
Cash	\$ 1,128,685
Taxes receivable	644,348
Due from other governmental units	736,939
Other	2,661
	<u>2,512,633</u>
Total Current Assets	<u>2,512,633</u>
Capital assets	13,696,151
Accumulated depreciation	(2,583,695)
	<u>11,112,456</u>
Net Capital Assets	<u>11,112,456</u>
Total Assets	<u>13,625,089</u>
Liabilities	
Accounts payable	101,068
Payroll tax liabilities	7,274
	<u>108,342</u>
Total Current Liabilities	<u>108,342</u>
Deferred Inflows of Resources	
Deferred ad valorem taxes revenue	1,547,986
	<u>1,547,986</u>
Net Position	
Net investment in capital assets	11,112,456
Unrestricted	856,305
	<u>856,305</u>
Total Net Position	<u><u>\$ 11,968,761</u></u>

See accompanying notes.

Terrebonne Parish Recreation District No. 2/3
Statement of Activities
Year Ended December 31, 2019

	<u>Government Activities</u>
REVENUES	
Recreational activities:	
Charges for services	<u>\$ 15,915</u>
EXPENSES	
Recreational activities:	
Depreciation	439,826
General operating	403,394
Personnel services and benefits	<u>364,863</u>
TOTAL EXPENSES	<u>1,208,083</u>
GENERAL REVENUES	
Ad valorem taxes	1,298,939
State revenue sharing	52,069
Other income	6,349
Interest income	<u>1,717</u>
TOTAL GENERAL REVENUES	<u>1,359,074</u>
CHANGE IN NET POSITION	166,906
NET POSITION - Beginning	<u>11,801,855</u>
NET POSITION - Ending	<u><u>\$ 11,968,761</u></u>

See accompanying notes.

Terrebonne Parish Recreation District No. 2/3
Balance Sheet
Governmental Fund Type – General Fund
December 31, 2019

Assets

Cash	\$ 1,128,685
Taxes receivable	644,348
Due from other governmental units	736,939
Deposit	<u>2,661</u>

Total Current Assets \$ 2,512,633

Liabilities

Accounts payable	\$ 101,068
Payroll tax liabilities	<u>7,274</u>

Total Current Liabilities 108,342

Deferred Inflows of Resources

Deferred ad valorem taxes revenue	1,547,986
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Fund Balance

Unassigned	<u>856,305</u>
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**Total Liabilities, Deferred Inflows
of Resources, and Fund Balance** \$ 2,512,633

See accompanying notes.

Terrebonne Parish Recreation District No. 2/3
Statement of Revenues, Expenditures, and
Changes in Fund Balance –
Governmental Fund Type – General Fund
December 31, 2019

Revenues

Ad valorem taxes	\$ 1,298,939
Intergovernmental:	
State of Louisiana revenue sharing	52,069
Rental fees	8,670
Concession sales	7,245
Other income	6,349
Interest income	1,717
	<u>1,374,989</u>
Total Revenues	1,374,989

Expenditures

Current:	
General government:	
Ad valorem tax deductions	51,827
	<u>51,827</u>
Culture and recreation:	
Personnel services and benefits	364,863
Supplies and materials	150,908
Professional fees	96,329
Other services and charges	76,369
Repairs and maintenance	27,961
	<u>716,430</u>
Total culture and recreation	716,430
Capital outlay	2,354,032
	<u>2,354,032</u>
Total Expenditures	3,122,289

Change in Fund Balance	(1,747,300)
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Fund Balance	
Beginning of year	2,603,605
	<u>2,603,605</u>
End of year	\$ 856,305
	<u>856,305</u>

See accompanying notes.

Terrebonne Parish Recreation District No. 2/3
Reconciliation of the Balance Sheet of the Governmental Fund
to the Statement of Net Position
December 31, 2019

Fund balance - governmental fund	\$ 856,305
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets of \$13,696,151 net of accumulated depreciation of \$2,583,695, are not financial resources and, therefore, are not reported in the governmental fund.	<u>11,112,456</u>
Net position of governmental activities	<u>\$ 11,968,761</u>

See accompanying notes.

Terrebonne Parish Recreation District No. 2/3
 Reconciliation of the Statement of Revenues,
 Expenditures, and Changes in Fund Balance – Governmental Fund to the
 Statement of Activities
 Year Ended December 31, 2019

Change in fund balance - governmental fund \$ (1,747,300)

Amounts reported for governmental activities in the statement of net position are different because:

Governmental fund reports capital outlays as expenditures whereas in the statement of activities these costs are depreciated over their useful lives.

Depreciation expense	(439,826)	
Capital outlay	<u>2,354,032</u>	<u>1,914,206</u>
Change in net position		<u>\$ 166,906</u>

See accompanying notes.

Terrebonne Parish Recreation District No. 2/3

Notes to the Financial Statements

Year Ended December 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Terrebonne Parish Recreation District No. 2/3 (the District) is governed by a Board of Commissioners appointed by the Terrebonne Parish Consolidated Government organized under Louisiana Revised Statute 33:4562(A). The District provides for the construction, improvement, maintenance, and operations of recreation facilities within the boundaries of Recreation District No. 2/3, including the purchase of equipment.

Because the Terrebonne Parish Consolidated Government appoints the governing board and thusly can impose its will, the Terrebonne Parish Recreation District No. 2/3 was determined to be a component unit of the Terrebonne Parish Consolidated Government, the governing body of the parish and the governmental body with financial accountability. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the Consolidated Government, the general government services provided by that governmental unit, or the other governmental units that comprise the governmental reporting entity.

The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of significant accounting policies:

A. REPORTING ENTITY

The District is a component unit of Terrebonne Parish Consolidated Government (the Parish) and as such, these financial statements will be included in the comprehensive annual financial report (CAFR) of the Parish for the year ended December 31, 2019. The District has reviewed all of its activities and determined that there are no potential component units that should be included in its financial statements.

B. BASIS OF PRESENTATION

GASB Statements establish standards for external financial reporting for all state and local governmental entities which includes a statement of net position and a statement of activities. It requires the classification of net position into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

Net investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation and reduced by the balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that

Terrebonne Parish Recreation District No. 2/3
Notes to the Financial Statements
Year Ended December 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

portion of the debt is included in the same net position component as the unspent proceeds.

Restricted – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted – This component of net position consists of net position that does not meet the definition of restricted or net investment in capital assets.

GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied. It establishes fund balance classifications that comprise hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. These classifications are defined as follows:

Nonspendable – This component of fund balance includes amounts that cannot be spent due to form, including inventories and prepaid amounts. Also included are amounts that must be maintained intact legally or contractually.

Restricted – This component of fund balance includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed – This component of fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The Board of Commissioners must vote on commitments.

Assigned – This component of fund balance is intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. The Board of Commissioners can vote on applicable assigned amounts.

Unassigned – This component of fund balance is the residual classification for the District's general fund and includes all spendable amounts not contained in the other classifications.

Stabilization Funds – This component of fund balance covers such things as revenue shortfalls, emergencies, or other purposes. The authority to set aside resources often comes from a statute, ordinance, or constitution.

The District's basic financial statements consist of the government-wide statements on all activities of the District and the governmental fund financial statements.

Terrebonne Parish Recreation District No. 2/3
Notes to the Financial Statements
Year Ended December 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Government-wide Financial Statements:

The government-wide financial statements include the Statement of Net Position and the Statement of Activities for all activities of the District. The government-wide presentation focuses primarily on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Governmental activities generally are financed through taxes.

Fund Financial Statements:

The daily accounts and operations of the District are organized on the basis of a fund and accounts groups, each of which is considered a separate accounting entity. The operations of the fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, and expenditures. Government resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The following is the Governmental Fund of the District:

General Fund – The General Fund is the general operating fund of the District. It is used to account for all financial resources except those that are required to be accounted for in another fund.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Government-wide Financial Statements:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized in the year for which they are levied.

The government-wide financial statements display information as a whole. These statements include all the financial activities. Information contained in these statements reflects 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).

Terrebonne Parish Recreation District No. 2/3
Notes to the Financial Statements
Year Ended December 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

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*.

Fund Financial Statements:

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other uses) in net current assets. Governmental funds are maintained on the modified accrual basis of accounting.

Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Ad valorem taxes and the related state revenue sharing (intergovernmental revenue) are recognized as revenue in the period for which levied, thus the 2019 property taxes which are being levied to finance the 2020 budget will be recognized as revenue in 2020. The 2019 tax levy is recorded as deferred inflows of resources in the District's 2019 financial statements.

Charges for services are recorded when earned since they are measurable and available. Miscellaneous revenues are recorded as revenues when received in cash by the District because they are generally not measurable until actually received.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Allocations of cost such as depreciation are not recognized in the governmental funds.

D. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days 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.

Terrebonne Parish Recreation District No. 2/3
Notes to the Financial Statements
Year Ended December 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

E. ACCOUNTS RECEIVABLE

The financial statements for the District contain no allowance for uncollectible accounts. Uncollectible amounts due for ad valorem taxes and other receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial positions or operations of the funds.

F. CAPITAL ASSETS

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are reported in the government-wide or fund financial statements.

Government-wide Financial Statements:

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets purchased or acquired with an original cost of \$1,000 or more are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position.

Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of assets is as follows:

Facilities and improvements	10 - 40 years
Equipment and furniture	5 - 20 years
Automobiles	5 years

Fund Financial Statements:

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

G. OPERATING BUDGETARY DATA

As required by the Louisiana Revised Statutes 39:1303, the Board of Commissioners (the Board) adopted a budget for the District's General Fund. Any amendment involving

Terrebonne Parish Recreation District No. 2/3
Notes to the Financial Statements
Year Ended December 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

the transfer of monies from one function to another or increases in expenditures must be approved by the Board. The District amended its budget once during the year. All budgeted amounts which are not expended, or obligated through contracts, lapse at year-end.

The General Fund budget is adopted on a basis materially consistent with accounting principles generally accepted in the United States of America.

H. VACATION AND SICK LEAVE

Accumulated vacation and sick leave are recorded as expenditures of the period in which paid. Employees earn between 96 to 136 hours of vacation leave, depending on the length of employment. Accumulated vacation leave is due to the employee at the time of termination or death. The vacation policy provides that employees are to take vacation within one year of being earned, with no carry forward provisions.

Employees earn 56 hours sick leave per year. Unused sick leave cannot be carried forward to future years. There is no material unpaid vacation and sick leave at year-end.

I. USE OF ESTIMATES

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

J. RECENT PRONOUNCEMENT

Statement No. 87, "Leases", increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and 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. Management has not yet determined the effect of this Statement on the financial statements.

Terrebonne Parish Recreation District No. 2/3
Notes to the Financial Statements
Year Ended December 31, 2019

NOTE 2 – DEPOSITS

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

State law requires deposits (cash and certificates of deposit) of all political subdivisions be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana, and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision. The year end balances of deposits are as follows:

	Bank Balance	Reported Amount
Cash and cash equivalents	\$ 1,130,529	\$ 1,128,685

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has a written policy for custodial credit risk. As of December 31, 2019, \$880,529 of the District's bank balance was exposed to credit risk. These deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

Cash was adequately collateralized in accordance with state law by securities held by an unaffiliated bank for the accounts of the District. The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities subject to custodial credit risk. Even though the pledged securities are considered subject to custodial credit risk under the provisions of GASB Statement 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 3 – DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units as of December 31, 2019 consists of the following:

Terrebonne Parish Tax Collector - December 2019/ Collections remitted to the District in January 2020		\$ 726,492
Ad valorem taxes		10,447
State of Louisiana - State revenue sharing		\$ 736,939

Terrebonne Parish Recreation District No. 2/3
Notes to the Financial Statements
Year Ended December 31, 2019

NOTE 4 – CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019 was as follows:

	January 1, 2019	Additions	Deletions/ Reclassifications	December 31, 2019
Capital assets, not being depreciated:				
Land	\$ 285,555	\$ -	\$ -	\$ 285,555
Construction in progress	1,454,117	-	(1,288,702)	165,415
	<u>1,739,672</u>	<u>-</u>	<u>(1,288,702)</u>	<u>450,970</u>
Capital assets, being depreciated:				
Facilities and improvements	8,958,802	2,289,320	1,288,702	12,536,824
Equipment and furniture	610,799	64,712	-	675,511
Automobiles	32,846	-	-	32,846
Total assets being depreciated	<u>9,602,447</u>	<u>2,354,032</u>	<u>1,288,702</u>	<u>13,245,181</u>
Less: Accumulated depreciation				
Facilities and improvements	1,795,042	385,908	-	2,180,950
Equipment and furniture	318,696	52,108	-	370,804
Automobiles	30,131	1,810	-	31,941
Total accumulated depreciation	<u>2,143,869</u>	<u>439,826</u>	<u>-</u>	<u>2,583,695</u>
	<u>7,458,578</u>	<u>1,914,206</u>	<u>1,288,702</u>	<u>10,661,486</u>
Total capital assets, net	<u>\$ 9,198,250</u>	<u>\$ 1,914,206</u>	<u>\$ -</u>	<u>\$ 11,112,456</u>

Construction in progress includes portions of the Bayou Country Sports Complex project, the Valhi walking track, and the website design.

NOTE 5 – PROPERTY TAXES

Property taxes are levied each November 1 on the assessed value listed as of the prior January 1 for all real property, merchandise, and movable property located in the Parish. Assessed values are established by the Terrebonne Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A reevaluation of all property is required to be completed no less than every four years. A reevaluation was completed for the list of January 1, 2016. Taxes are due and payable December 31 with interest being charged on payments after January 1. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which the taxes have not been paid are sold for the amount of the taxes. The tax rate for the year ended December 31, 2019 was \$5.00 per \$1,000 of assessed valuation on property within Recreation District No. 2/3 for the purpose of constructing, maintaining, and operating recreational facilities within the District. Taxes levied November 1, 2019 are for budgeted expenditures in 2020 and will be recognized as revenues in 2020.

Terrebonne Parish Recreation District No. 2/3
Notes to the Financial Statements
Year Ended December 31, 2019

NOTE 6 – COMPENSATION OF BOARD MEMBERS

The Board serves without compensation.

NOTE 7 – INTERGOVERNMENTAL AGREEMENT – TPCG

The District executed a cooperative endeavor agreement with the Terrebonne Parish Consolidated Government (TPCG) on April 15, 2015 to provide supplemental funding for the various phases of construction of the Bayou Country Sports Park, a multi-purpose sports complex. Included in the project is TPCG's purchase of certain parcels for the proposed approximately 114.06-acre site, of which TPCG will grant right of use to the District if the District maintains the property and implements the Master Plan.

NOTE 8 – RISK MANAGEMENT

The District is exposed to various risks of loss related to workers' compensation; torts; theft of, damage to and destruction of assets; errors and omission; and natural disasters and group health benefits for which the District carries commercial insurance and also participates in the Parish's risk management program for general liability, workers' compensation, group insurance, property insurance, and automobile liability. No settlements were made during the year that exceeded the District's insurance coverage. The District pays monthly premiums to the Parish for workers' compensation based on a fixed percentage of payroll. The District's premiums for general liability are based on various factors such as its operations and maintenance budget, exposure, and claims experience. The premium for group health insurance is based on a fixed rate per employee. The premium for automobile liability is based on claims experience, vehicle type, and mileage. The premiums for property are based on the District's property value to the total of all the property value covered. The Parish handles all claims filed against the District. The District could have additional exposure for claims in excess of the Parish's insurance contracts as described below:

<u>Policy</u>	<u>Coverage Limits</u>
General liability	\$ 10,000,000
Workers' compensation	\$ 25,000,000
Employer's liability	\$ 1,000,000
Auto liability	\$ 10,000,000

Coverage for general liability, workers' compensation, and auto claims in excess of the stated limits above are to be funded first by assets of the Parish's risk management internal service fund, then secondly by the District. The Parish is self-insured for the first \$150,000 of each claim relating to group health. Insurance contracts cover excess liability, up to \$2,000,000 on individual claims. As of December 31, 2019, the District had no claims in excess of the above coverage limits.

Terrebonne Parish Recreation District No. 2/3
Notes to the Financial Statements
Year Ended December 31, 2019

NOTE 9 – SUBSEQUENT EVENTS

Subsequent events were evaluated through June 30, 2020, which is the date the financial statements were available to be issued. It was determined that the following event requires disclosure:

On January 30, 2020, the World Health Organization declared the COVID-19 “Coronavirus” outbreak a public health emergency. The virus rapidly spread from China to regions across the globe, eventually reaching the United States of America. As of the date of these financial statements, the United States’ governing bodies implemented drastic measures in an effort to slow the spread of the virus, including mandatory quarantining of certain areas of the population. Such efforts will likely have a negative impact on the local economy in which the District operates. No estimate of the financial effects of this event can be made at this time.

REQUIRED SUPPLEMENTAL INFORMATION

Terrebonne Parish Recreation District No. 2/3
Budgetary Comparison Schedule - General Fund
For the Year Ended December 31, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Over/ (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 1,190,000	\$ 1,287,130	\$ 1,298,939	\$ 11,809
Intergovernmental:				
State of Louisiana revenue sharing	20,000	31,176	52,069	20,893
Rental fees	-	-	8,670	8,670
Concession sales	30,000	34,354	7,245	(27,109)
Other income	10,000	4,667	6,349	1,682
Interest income	1,000	773	1,717	944
Total Revenues	<u>1,251,000</u>	<u>1,358,100</u>	<u>1,374,989</u>	<u>16,889</u>
Expenditures				
Current:				
General government:				
Ad valorem tax deductions	31,000	-	51,827	51,827
Culture and recreation:				
Personnel services	176,200	371,917	364,863	(7,054)
Supplies and materials	80,000	75,603	150,908	75,305
Professional fees	20,000	375,830	96,329	(279,501)
Other services and charges	141,500	68,952	76,369	7,417
Repairs and maintenance	126,000	104,353	27,961	(76,392)
Total culture and recreation	<u>543,700</u>	<u>996,655</u>	<u>716,430</u>	<u>(280,225)</u>
Capital outlay	1,192,500	2,261,028	2,354,032	93,004
Total Expenditures	<u>1,767,200</u>	<u>3,257,683</u>	<u>3,122,289</u>	<u>(135,394)</u>
Expenditures Over Revenues	(516,200)	(1,899,583)	(1,747,300)	152,283
Fund Balance				
Beginning of the year	2,603,605	2,603,605	2,603,605	-
End of year	<u>\$ 2,087,405</u>	<u>\$ 704,022</u>	<u>\$ 856,305</u>	<u>\$ 152,283</u>

See Independent Auditor's Report.

OTHER INFORMATION

Terrebonne Parish Recreation District No. 2/3
 Schedule of Compensation, Benefits, and Other Payments
 to District Head
 For the Year Ended December 31, 2019

Agency Head Name: Brock Landry, Executive Director

Purpose	Amount
Salary	\$ 51,200
Benefits - insurance	-
Benefits - retirement	-
Dues	-
Special meals	-
Vehicle provided by government	-
Registration fees	-
Conference travel	-
Other - engineering license renewal	-
Reimbursements	-
Car allowance/automobile expense	-
Membership fees	-
Deferred compensation	-
Per diem	-
Service fees	-
Travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-

This schedule is used to satisfy the reporting requirements of R.S.24:513(A)(3).

REPORT REQUIRED BY GOVERNMENT AUDITING STANDARDS

**Martin
and
Pellegrin**

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Houma, Louisiana 70360

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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
Terrebonne Parish Recreation District No. 2/3
Houma, 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 Terrebonne Parish Recreation District No. 2/3 (the District), a component unit of the Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 2019, 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 30, 2020.

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 opinion 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control


that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting 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 that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Houma, Louisiana
June 30, 2020

Terrebonne Parish Recreation District No. 2/3
Schedule of Findings and Responses
As of and for the Year Ended December 31, 2019

Section I – Summary of Auditor’s Results

1. The auditor’s report expresses an unmodified opinion on the financial statements of Terrebonne Parish Recreation District No. 2/3.
2. No significant control deficiencies were noted during the audit of the financial statements.
3. No instances of noncompliance or other matters required to be reported in accordance with *Government Auditing Standards*, were noted during the audit.
4. No instances of noncompliance under the provisions of the Louisiana Governmental Audit Guide were noted during the audit of the financial statements.
5. A management letter was not issued.
6. The District did not receive or expend federal funds during the year.

Section II – Financial Statement Findings

No findings material to the basic financial statements of Terrebonne Parish Recreation District No. 2/3, which would be required to be reported in accordance with *Government Auditing Standards*, were noted during the audit.

Section III – Federal Awards

No federal awards were received during the year.

Terrebonne Parish Recreation District No. 2/3
Schedule of Prior Findings and Responses
As of and for the Year Ended December 31, 2019

Note: The prior finding relates to the December 31, 2018 audit engagement.

Section I – Internal Control and Compliance Material to the Financial Statements

Budgeting

Condition: The Local Government Budget Act (R.S. 39:1311) requires notification and a budget amendment when actual receipts plus projected revenue collections for the year fail to meet budgeted revenues by five percent or more, or when actual expenditures plus projected expenditures to year-end exceed budgeted expenditures by five percent or more. At the end of the year, total expenditures were \$552,479 or 52% underbudgeted. This was a violation of the Local Budget Act.

Recommendation: The Board of Commissioners of the District should amend its budget when there is an unfavorable 5% variance.

Planned Action: The Board of Commissioners will amend its budget when there is an unfavorable 5% variance.

Current Status: Resolved.

Section II – Internal Control and Compliance Material to Federal Awards

This section is not applicable.

Section III – Management Letter

This section is not applicable.

STATEWIDE AGREED-UPON PROCEDURES

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

Board of Commissioners
Terrebonne Parish Recreation District No. 2/3
Houma, Louisiana

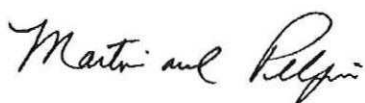
We have performed the procedures enumerated below, which were agreed to by the management of Terrebonne Parish Recreation District No. 2/3 (the District) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the year ended December 31, 2019. The Organization'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 described on pages 32-42.

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 Louisiana Legislative Auditor as a public document.



Houma, Louisiana
June 30, 2020

Terrebonne Parish Recreation District No. 2/3

Houma, Louisiana

Schedule of Procedures and Associated Findings of the
Statewide Agreed-Upon Procedures
For the Year Ended December 31, 2019

The required procedures and our findings are as follows:

Procedures performed on the District's written policies and procedures:

Written Policies and Procedures

1. Obtain and inspect the District's written policies and procedures and observe that they address each of the following categories and subcategories, as applicable:

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

Performance: Obtained and inspected the written policy for budgeting and found it to contain the elements included above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

b) Purchasing, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes

Performance: Obtained and read the written policy for purchasing and found it to contain the elements included above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

c) Disbursements, including processing, reviewing, and approving

Performance: Obtained and read the written policy for disbursements and found it to contain the requirements included above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Obtained and read the written policy for receipts/collections and found it to contain the requirements listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Terrebonne Parish Recreation District No. 2/3

Houma, Louisiana

Schedule of Procedures and Associated Findings of the
Statewide Agreed-Upon Procedures
For the Year Ended December 31, 2019

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

Performance: Obtained and read the written policy for payroll and personnel and found it to contain the requirements listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- f) Contracting, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

Performance: Obtained and read the written policy related to contracting and found it to contain all the requirements except those listed below.

Exceptions: The policy does not address the types of services or legal review.

Management's response: Management will consider adding the types of services that require contracts and the process for legal review of contracts.

- g) Credit Cards (and debit cards, fuel cards, P-Cards, if applicable), including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage

Performance: Obtained and read the written policy for credit cards and found it contained all requirements listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Obtained and read the travel and expense reimbursement policy and found it contained all requirements except those listed below.

Exceptions: The policy did not include dollar thresholds for all categories.

Management's response: Management will incorporate dollar thresholds for all travel categories.

- 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

Performance: Obtained and read the ethics policy.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Terrebonne Parish Recreation District No. 2/3

Houma, Louisiana

Schedule of Procedures and Associated Findings of the
Statewide Agreed-Upon Procedures
For the Year Ended December 31, 2019

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

Performance: Determined that this policy is not applicable as the District has no debt service.

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

Performance: Determined that the District does not have a written policy for disaster recovery/business continuity.

Exceptions: While the District has policies in place for disaster recovery/business continuity, these policies are not written.

Management's response: Management will consider adopting a written policy for disaster recovery/business continuity.

Board of Finance Committee

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

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

Performance: Determined that the board is to meet monthly per the District's by-laws. Obtained and read the written minutes of board meetings and determined the board meeting frequency.

Exceptions: The July 2019 board meeting was not held due to Hurricane Barry.

Management's response: This is an isolated incident due to inclement weather.

- b) Observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund, as well as monthly financial statements.

Performance: Determined whether budget-to-actual comparisons are reviewed on a monthly basis.

Exceptions: Budget-to-actual comparisons are reviewed as needed instead of on a monthly basis.

Terrebonne Parish Recreation District No. 2/3

Houma, Louisiana

Schedule of Procedures and Associated Findings of the
Statewide Agreed-Upon Procedures
For the Year Ended December 31, 2019

Management's response: The Board will consider reviewing budget-to-actual comparisons at the monthly board meetings.

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

Performance: Determined that the general fund did not have a negative ending unassigned fund balance in the prior year audit report.

Bank Reconciliations

3. 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 four additional accounts (or all accounts if less than five). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- a) Bank reconciliations include evidence that they were prepared within two months of the related statement closing date;

Performance: Determined that randomly selected bank statement was reconciled within two months of the related statement closing date.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- 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;

Performance: Inspected documentation for management approvals of each randomly selected bank reconciliation.

Exceptions: There was no evidence of the bank reconciliation being reviewed.

Management's response: The Executive Director will review the bank reconciliation each month and give evidence that he has done so.

Terrebonne Parish Recreation District No. 2/3

Houma, Louisiana

Schedule of Procedures and Associated Findings of the
Statewide Agreed-Upon Procedures
For the Year Ended December 31, 2019

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

Performance: Determined whether there was evidence reflecting that outstanding items more than 12 months old had been researched.

Exceptions: There is no evidence that the seven outstanding items over 12 months had been researched.

Management's response: All outstanding items more than 12 months old will be researched as to proper disposition.

Collections

4. 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 five deposit sites (or all deposit sites if less than five).
5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site, obtain and inspect written policies and procedures relating to employee 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.
 - 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 to the deposit.
 - 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.
 - 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.
6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

Terrebonne Parish Recreation District No. 2/3

Houma, Louisiana

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7. Randomly select two deposit dates for each of the bank accounts applicable. Obtain supporting documentation for each of the deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe that the deposit was made within one business day of receipt at the collection location.
 - e) Trace the actual deposit per the bank statement to the general ledger.

Performance: Determined that the procedures under #4 – #7 could be excluded as the District did not have any exceptions in the Collections category in Year 2 and was thereby exempt in Year 3.

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

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select five locations (or all locations if less than five).
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties, 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.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

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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.

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

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

b) Observe that the disbursement documentation included evidence of segregation of duties tested under #9, as applicable.

Performance: Determined that the procedures under #8 – #10 could be excluded as the District did not have any exceptions in the Non-Payroll Disbursements category in Year 2 and was thereby exempt in Year 3.

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

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

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

a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

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

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

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Performance: Determined that the procedures under #11 – #13 could be excluded as the District did not have any exceptions in the Credit Cards/Debit Cards/Fuel Cards/P-Cards category in Year 2 and was thereby exempt in Year 3.

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

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select five reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the five reimbursements selected:
- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Performance: Determined that the procedures under #14 could be excluded as the District did not have any exceptions in the Travel and Travel-Related Expense Reimbursements category in Year 2 and was thereby exempt in Year 3.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Obtain management's representation that the listing is complete. Randomly select five contracts from the listing, excluding the practitioner's contract, and:
- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law, if required by law.

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- b) Observe that the contract was approved by the governing body/board, if required by policy or law.
- c) If the contract was amended, observe that the original contract terms provided for such an amendment.
- d) Randomly select one payment from the fiscal period for each of the five contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Performance: Determined that the procedures under #15 could be excluded as the District did not have any exceptions in the Contracts category in Year 2 and was thereby exempt in Year 3.

Payroll and Personnel

- 16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select five employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- 17. Randomly select one pay period during the fiscal period. For the five employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe that all selected employees/officials documented their daily attendance and leave.
 - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
- 18. 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.
- 19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

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Performance: Determined that the procedures under #16 – #19 could be excluded as the District did not have any exceptions in the Payroll and Personnel category in Year 2 and was thereby exempt in Year 3.

Ethics

20. Obtain ethics documentation from management for five randomly selected employees/officials and:

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

Performance: Determined whether the five selected employees had documentation of completing one hour of ethics training during the fiscal period.
Exception: Only the Executive Director received one hour of ethics training. He could not provide documentation of completion.

Management's response: The Executive Director did not realize that all employees are required to take the training. All employees will complete the one hour of training in the future. They will retain their certificates.

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

Performance: Determined whether the five selected employees attested through signature verification that they read the District's ethics policy.

Exception: None of the five employees had documentation through signature verification that they had read the ethics policy.

Management's response: The Board will designate someone to monitor adherence with the ethics policy which requires signature verification.

Debt Service

This section is not applicable. The District has no debt service.

Other

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

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Performance: Inquired of management of any misappropriations of public funds or assets and determined that none were noted.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Inquired and observed such notice posted on the premises and website.

Exceptions: This notice has not been posted.

Management's response: Management will post this notice on the premises and on its website.