

Financial Report

Terrebonne Parish Recreation District No. 4

Dulac, Louisiana

For the year ended December 31, 2017

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For the year ended December 31, 2017

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners,
Terrebonne Parish Recreation District No. 4,
Dulac, Louisiana.

We have audited the accompanying financial statements of the governmental activities and the General Fund of Terrebonne Parish Recreation District No. 4, State of Louisiana (the District), a component unit of Terrebonne Parish Consolidated Government, State of Louisiana, as of and for the year ended December 31, 2017, 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 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 press 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund of Terrebonne Parish Recreation District No. 4 as of December 31, 2017, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Schedule of Funding Progress for the OPEB Plan on pages 4 through 9 and 33 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information, on page 34, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information 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. This 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 information 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 March 27, 2018 on our consideration of Terrebonne Parish Recreation District No. 4's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
March 27, 2018.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Terrebonne Parish Recreation District No. 4

The Management's Discussion and Analysis of the Terrebonne Parish Recreation District No. 4's financial performance presents a narrative overview and analysis of the District's financial activities for the year ended December 31, 2017. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The District's assets exceeded its liabilities at the close of fiscal year 2017 by \$1,522,771 (net position), which represents a 2.33% increase from last fiscal year.

The District's revenue decreased \$31,616 (or 5.80%) primarily due to the decrease in ad valorem taxes and intergovernmental revenue from Terrebonne Parish Consolidated Government.

The District's expenses increased \$8,771 (or 1.86%) primarily due to increases in culture and recreation expenses.

The District did not have a deficit fund balance.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's financial statements. The District's annual report consists of three parts: (1) management's discussion and analysis (this section) (2) financial statements; and (3) various governmental compliance reports and schedules by certified public accountants and management.

The financial statements include two kinds of statements that present different views of the District:

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private sector business. The Statement of Net Position presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. The Statement of Activities presents information showing how the District's net position changed during each 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.

Government-wide Financial Statements (Continued)

Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. The governmental activity of the District is culture and recreation.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The only fund of the District is a governmental fund.

Governmental 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. 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. Both the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains an individual governmental fund. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance for the General Fund. The District adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. The governmental fund financial statements can be found on pages 10 - 14 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 in Exhibit F of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. As of December 31, 2017, assets exceeded liabilities by \$1,522,771. A large portion of the District's net position (40.49%) reflects its net investment in capital assets (e.g., land; and construction in progress; buildings; improvements; office furniture, fixtures and equipment; machinery and equipment). Consequently, these assets are not available for future spending.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**Condensed Statements of Net Position**

	December 31,		Dollar Change
	2017	2016	
Current and other assets	\$ 1,500,883	\$ 1,485,921	\$ 14,962
Capital assets	616,571	496,013	120,558
Total assets	<u>2,117,454</u>	<u>1,981,934</u>	<u>135,520</u>
Liabilities	27,497	22,766	4,731
Deferred inflows of resources	567,186	471,058	96,128
Total liabilities and deferred inflows of resources	<u>594,683</u>	<u>493,824</u>	<u>100,859</u>
Net Position:			
Net investment in capital assets	616,571	496,013	120,558
Unrestricted	906,200	992,097	(85,897)
Total net position	<u>\$ 1,522,771</u>	<u>\$ 1,488,110</u>	<u>\$ 34,661</u>

As of December 31, 2017, current and other assets increased \$14,962 over the prior year. The increase is primarily due to the increase in receivables and amounts due from other governmental units.

Governmental Activities

Governmental activities increased the District's net position by \$34,661. Key elements of this increase are as follows:

Condensed Statement of Activities

	For the Year Ended December 31,		Dollar Change	Total Percent Change
	2017	2016		
Revenues:				
Taxes	\$ 480,495	\$ 505,671	\$ (25,176)	-4.98%
Intergovernmental	22,708	28,462	(5,754)	-20.22%
Charges for services	9,116	9,349	(233)	-2.49%
Miscellaneous	1,466	1,919	(453)	-23.61%
Total revenues	<u>513,785</u>	<u>545,401</u>	<u>(31,616)</u>	<u>-5.80%</u>
Expenses:				
General government	24,645	27,060	(2,415)	-8.92%
Culture and recreation	454,479	443,293	11,186	2.52%
Total expenses	<u>479,124</u>	<u>470,353</u>	<u>8,771</u>	<u>1.86%</u>
Increase in net position	34,661	75,048	(40,387)	-53.81%
Net position, beginning of year	1,488,110	1,413,062	75,048	5.31%
Net position, end of year	<u>\$ 1,522,771</u>	<u>\$ 1,488,110</u>	<u>\$ 34,661</u>	<u>2.33%</u>

In 2017, there was a decrease from prior years' ad valorem tax revenue recognized by the District. The decrease in 2017 ad valorem tax revenue is a result of the 2016 ad valorem tax assessment being less than the 2015 and less prior year tax was collected in 2017 than in 2016. The decrease in general government expenses was due primarily to the District's ad valorem tax adjustments for uncollected taxes. The increase in culture and recreation expenses was primarily caused by an increase in depreciation.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the District's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the District's General Fund's ending unassigned fund balance is \$578,120, which is a decrease of \$429,524 in comparison with the prior year. The unassigned balance is available for spending at the District's discretion. The decrease in unassigned fund balance is largely the result of the assignment of the 2018 budgeted spending deficit of \$346,904.

General Fund Budgetary Highlights

The budget was amended once during the year. The primary reason for amending the budget was to prevent compliance violations under state law. The major differences between the original General Fund budget and the final amended budget were as follows:

Revenues

- Ad Valorem revenue was decreased \$36,000, to reflect the anticipated revenues to be recognized for the year.
- Summer camp revenue was decreased \$6,000, to reflect revenue actually received from Terrebonne Parish Consolidated Government.

Expenditures

- Other services and charges increased \$4,550, to reflect anticipated increases in utilities and recreation program expenses.
- Repairs and maintenance decreased \$2,950, due to incurring less repairs and maintenance at the building than originally anticipated.
- Capital outlay increased \$155,100, for actual purchases of new playground equipment and other items.

During the year, actual revenues exceeded the budgetary estimates while actual expenditures were less than the budgetary estimates.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's net investment in capital assets for its governmental activities as of December 31, 2017, amounts to \$616,571 (net of accumulated depreciation). This net investment in capital assets includes land, construction in progress, buildings, improvements, office furniture, fixtures, and equipment, and machinery and equipment.

	<u>2017</u>	<u>2016</u>
Land	\$ 84,503	\$ 84,503
Construction in Progress	28,603	-
Buildings	606,782	606,782
Improvements other than buildings	682,912	682,105
Machinery and equipment	319,471	180,087
Office furniture, fixtures, and equipment	<u>28,056</u>	<u>21,293</u>
Totals	<u>\$ 1,750,327</u>	<u>\$ 1,574,770</u>

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

- New playground equipment at Chippy Lane \$145,048.
- Beginning design aspects of new bathroom facility and the new gym included in construction in progress \$28,603.
- New DVR system \$2,422.

Additional information on the District's capital assets can be found in the Note 5, Exhibit F of this report.

The District's long-term obligations for other postemployment benefits (OPEB) increased \$3,277 to \$18,824 as of December 31, 2017 based on a January 1, 2016 actuarial valuation. The unfunded accrued actuarial liability in the actuarial valuation was \$185,649.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Board of Directors considered the following factors and indicators when setting next year's budget, rates, and fees. These factors and indicators include:

- The ad valorem tax revenue budgeted represents the estimated amount of the November 2017 assessment, which the District will receive, for the most part, in January 2018.

- The District will continue to make improvements, renovations and repairs to the facilities maintained by the District. This includes the gym, swimming pool, tennis courts, ballfields, park, and walking track.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's 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 Board of Directors of the Terrebonne Parish Recreation District No. 4, 106 Recreation Dr., Dulac, LA 70353.

**STATEMENT OF NET POSITION AND
GOVERNMENTAL FUND BALANCE SHEET**

Terrebonne Parish Recreation District No. 4

December 31, 2017

	General Fund	Adjustments (Exhibit B)	Statement of Net Position
Assets			
Cash	\$ 169,011		\$ 169,011
Investments	798,629		798,629
Receivables:			
Taxes	384,427		384,427
Due from other governmental units	148,816		148,816
Capital assets:			
Non-depreciable	-	\$ 113,106	113,106
Depreciable, net of accumulated depreciation	-	503,465	503,465
Total assets	\$ 1,500,883	616,571	2,117,454
Liabilities			
Accounts payable and accrued expenditures	\$ 8,673	-	8,673
Long term liabilities			
Due in more than one year	-	18,824	18,824
Total liabilities	8,673	18,824	27,497
Deferred inflows of resources			
Unavailable revenue - property taxes	567,186	-	567,186
Total liabilities and deferred inflows of resources	575,859	18,824	594,683
Fund Balance/Net Position			
Fund balance:			
Assigned - subsequent year's expenditures	346,904	(346,904)	-
Unassigned	578,120	(578,120)	-
Total fund balance	925,024	(925,024)	-
Total liabilities and fund balance	\$ 1,500,883		
Net position:			
Net investment in capital assets		616,571	616,571
Unrestricted		906,200	906,200
Total net position		\$ 1,522,771	\$ 1,522,771

See notes to financial statements.

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

Terrebonne Parish Recreation District No. 4

For the year ended December 31, 2017

Fund Balances - Governmental Fund		\$ 925,024
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.		
Governmental capital assets	\$ 1,750,327	
Less accumulated depreciation	<u>(1,133,756)</u>	616,571
Long term liabilities are not due and payable in the current period and therefore are not reported in the government fund.		
Other postemployment benefit obligation		<u>(18,824)</u>
Net Position of Governmental Activities		<u><u>\$ 1,522,771</u></u>

See notes to financial statements.

**STATEMENT OF ACTIVITIES AND STATEMENT OF
GOVERNMENTAL FUND REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE**

Terrebonne Parish Recreation District No. 4

For the year ended December 31, 2017

	General Fund	Adjustments (Exhibit D)	Statement of Activities
Revenues			
Taxes	\$ 480,495		\$ 480,495
Intergovernmental:			
State of Louisiana:			
State revenue sharing	8,708		8,708
Terrebonne Parish Consolidated Government	14,000		14,000
Charges for services	9,116		9,116
Miscellaneous:			
Interest	1,403		1,403
Other	63		63
	513,785		513,785
Total revenues			
	513,785		513,785
Expenditures/Expenses			
Current:			
General government:			
Ad valorem tax adjustment	8,598		8,598
Ad valorem tax deductions	16,047		16,047
	24,645		24,645
Total general government			
	24,645		24,645
Culture and recreation:			
Personal services	194,899	\$ 3,277	198,176
Supplies and materials	42,045	2,006	44,051
Other services and charges	118,775	-	118,775
Repairs and maintenance	28,216	-	28,216
Depreciation	-	65,261	65,261
	383,935	70,544	454,479
Total culture and recreation			
	383,935	70,544	454,479
Capital outlay	187,825	(187,825)	-
	187,825	(187,825)	-
Total expenditures/expenses			
	596,405	(117,281)	479,124
Deficit of Revenues over Expenditures	(82,620)	82,620	-
Change in Net Position	-	34,661	34,661
Fund Balance/Net Position			
Beginning of year	1,007,644	480,466	1,488,110
End of year	\$ 925,024	\$ 597,747	\$ 1,522,771

See notes to financial statements.

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

Terrebonne Parish Recreation District No. 4

For the year ended December 31, 2017

Net Change in Fund Balance - Governmental Fund **\$ (82,620)**

Amounts reported for governmental activities in the
Statement of Activities are different because:

Governmental funds report capital outlays as expenditures.

However, in the Statement of Activities the cost of those
assets is allocated over their estimated useful lives and
reported as depreciation expense.

Capital outlay	\$ 187,825	
Depreciation expense	<u>(65,261)</u>	122,564

The net effect of various miscellaneous transactions
involving capital assets, such as sales, trade-ins and
dispositions, is to decrease net position.

(2,006)

Some expenditures reported in the Statement of Activities
do not require the use of current financial resources
and therefore are not reported as expenditures in
governmental funds.

Other post employment benefits		<u>(3,277)</u>
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Change in Net Position of Governmental Activities

\$ 34,661

See notes to financial statements.

**STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND**

Terrebonne Parish Recreation District No. 4

For the year ended December 31, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes	\$ 475,000	\$ 439,000	\$ 480,495	\$ 41,495
Intergovernmental:				
State of Louisiana:				
State revenue sharing	2,500	2,500	8,708	6,208
Terrebonne Parish Consolidated Government	20,000	14,000	14,000	-
Charges for services	9,100	9,226	9,116	(110)
Miscellaneous:				
Interest	600	600	1,403	803
Other	-	-	63	63
Total revenues	<u>507,200</u>	<u>465,326</u>	<u>513,785</u>	<u>48,459</u>
Expenditures				
Current:				
General government:				
Ad valorem tax adjustment	2,844	2,844	8,598	(5,754)
Ad valorem tax deductions	5,290	5,290	16,047	(10,757)
Total general government	<u>8,134</u>	<u>8,134</u>	<u>24,645</u>	<u>(16,511)</u>
Culture and recreation:				
Personal services	216,720	217,220	194,899	22,321
Supplies and materials	51,200	53,500	42,045	11,455
Other services and charges	128,850	133,400	118,775	14,625
Repairs and maintenance	47,500	44,550	28,216	16,334
Total culture and recreation	<u>444,270</u>	<u>448,670</u>	<u>383,935</u>	<u>64,735</u>
Capital outlay	31,500	186,600	187,825	(1,225)
Total expenditures	<u>483,904</u>	<u>643,404</u>	<u>596,405</u>	<u>46,999</u>
Excess (Deficit) of Revenues Over Expenditures	23,296	(178,078)	(82,620)	95,458
Fund Balance				
Beginning of year	940,940	1,007,644	1,007,644	-
End of year	<u>\$ 964,236</u>	<u>\$ 829,566</u>	<u>\$ 925,024</u>	<u>\$ 95,458</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**Terrebonne Parish Recreation District No. 4**

December 31, 2017

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Terrebonne Parish Recreation District No. 4 (the District) conform to accounting principles generally accepted in the United States of America (GAAP) 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 the 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, 2017.

GASB No. 14, *The Financial Reporting Entity*, GASB No. 39, *Determining Whether Certain Organizations Are Component Units-an amendment of GASB Statement No. 14*, and GASB No. 61, *The Financial Reporting Entity: Omnibus and amendment of GASB Statements No. 14 and No. 34* established the criterion for determining which component units should be considered part of the District for financial reporting purposes. The basic criteria are as follows:

1. Legal status of the potential component unit including the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued, and the right to buy, sell and lease property in its own name.
2. Whether the governing authority appoints a majority of the board members of the potential component unit.
3. Fiscal interdependency between the District and the potential component unit.
4. Imposition of will by the District on the potential component unit.
5. Financial benefit/burden relationship between the District and the potential component unit.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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, intergovernmental revenues and other non-exchange revenues.

Fund Financial Statements:

The daily accounts and operations of the District continue to be organized on the basis of a fund and account 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 and report all financial resources not accounted for and reported 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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Measurement Focus and Basis of Accounting (Continued)

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.

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 2017 property taxes which are being levied to finance the 2018 budget will be recognized as revenue in 2018. The 2017 tax levy is recorded as unavailable revenue in the District's 2017 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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) 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.

e) 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 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 that 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.

The General Fund budget presentation is included in the financial statements.

f) Accounts Receivable

The financial statements for the District do not contain an 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 position or operations of the funds.

g) Investments

Investments consist of certificates of deposit that are stated at cost and approximate market value.

h) 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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Capital Assets (Continued).

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 \$350 or more and a useful life greater than one year 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 asset is as follows:

Buildings	10 - 40 years
Improvements other than buildings	10 - 30 years
Machinery and equipment	5 - 25 years
Office furniture, fixtures and equipment	5 - 20 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.

i) Deferred Inflows of Resources

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources until that time. The governmental fund reports unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District reports unavailable revenue when resources associated with imposed non exchange revenue transactions are received or reported as a receivable before (a) the period for which property taxes are levied or (b) the period when resources are required to be used or when use is first permitted for all other imposed non exchange revenues in which the enabling legislation includes time requirements.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Vacation and Sick Leave

Employees of the District can earn 96 hours or 136 hours of vacation leave, depending on their length of employment. Accumulated vacation leave is due to the employee at the time of termination or death. The vacation policy provides that on his or her anniversary date the employee will be allowed to carry over 96 hours or 136 hours maximum each year. Employees of the District earn 56 hours sick leave per year and are permitted to accumulate a maximum of 480 hours. Upon retirement, termination or death employees are not compensated for accumulated sick leave. Accumulated vacation as of December 31, 2017 is not material to the financial statements.

k) Fund Equity

Government-wide Statements:

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets, if any. As of December 31, 2017 the District had no outstanding borrowings.
- b. Restricted net position - Consists of assets and deferred outflow of resources less liabilities and deferred inflow of resources (net position) with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. As of December 31, 2017 and for the year then ended, the District did not have or receive restricted resources.

Fund Financial Statements:

Government fund equity is classified as fund balance. Fund balance is further classified as follows:

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Fund Equity (Continued)

- a. Non-spendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to maintain intact.
- b. Restricted - amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- c. Committed - amounts that can be used only for specific purposes determined by a formal action of the District's Board of Commissioners. Commitments may be established, modified, or rescinded only through resolutions approved by the District's Board of Commissioners.
- d. Assigned - amounts that do not meet the criteria to be classified as either restricted or committed but are intended to be used for specific purposes. Assignments may be established, modified or rescinded by the Chairman of the Board of Commissioners or his representative.
- e. Unassigned - all other spendable amounts.

For the classification of governmental fund balances, the District considers an expenditure to be made from the most restrictive first when more than one classification is available. The District's fund balance was classified as unassigned as of December 31, 2017.

l) New GASB Statements

During the year ending December 31, 2017, the District implemented the following GASB Statements:

Statement No. 74, "*Financial Reporting for Postemployment Benefit Plans other than Pension Plans*" addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria and follows the framework for financial reporting of defined benefit OPEB plans in Statement 45 by requiring a statement of fiduciary net position and a statement of changes in fiduciary net position.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I) New GASB Statements (Continued)

The Statement requires more extensive note disclosures and RSI related to the measurement of the OPEB liabilities for which assets have been accumulated, including information about the annual money-weighted rates of return on plan investments and also sets forth note disclosure requirements for defined contribution OPEB plans. This statement did not affect the District's financial statements.

Statement No. 80, "*Blending Requirement for Certain Component Units*" improves financial reporting by clarifying the financial statement presentation requirements for certain component units. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. This requirement enhances comparability and decision usefulness of financial statements among governments. This statement did not affect the District's financial statements.

Statement No. 81, "*Irrevocable Split Interest Agreements*" provided recognition and measurement guidance for situation in which a government is a beneficiary of an irrevocable split interest agreement. This Statement requires that a government that receives resources pursuant to an irrevocable split interest agreement recognize assets, liabilities and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in agreements administered by third parties. Governments are required by this Statement to recognize revenue when the resources become applicable to the reporting period. This Statement enhances comparability and decision usefulness of financial statements among governments. This statement did not affect the District's financial statements.

Statement No. 82, "*Pension Issues*" addresses several issues raised with respect to Statements No. 67, "*Financial Reporting for Pension Plans*," No. 68, "*Accounting and Financial Reporting for Pensions*," and No. 73, "*Accounting and Financial Reporting for Pensions and Related Assets that are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68.*" Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes; and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This statement did not affect the District's financial statements.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1) New GASB Statements (Continued)

The GASB has issued the following Statements which will become effective in future years as shown below:

Statement No. 75, *"Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions"* replaces the requirements of GASB Statement No. 45. This Statement requires governments to report a liability on the face of the financial statements for the OPEB that they provide: governments that are responsible only for OPEB liabilities related to their own employees and that provide OPEB through a defined benefit OPEB plan administered through a trust that meets specified criteria will report a net OPEB liability, governments that participate in a cost-sharing OPEB plan that is administered through a trust that meets the specified criteria will report a liability equal to their proportionate share of the collective OPEB liability for all entities participating in the cost-sharing plan and governments that do not provide OPEB through a trust that meets specified criteria will report the total OPEB liability related to their employees. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2017. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 83, *"Certain Asset Retirement Obligations"* 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. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 84, *"Fiduciary Activities"* improves 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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1) New GASB Statements (Continued)

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. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 85, "*Omnibus 2017*." On March 20, 2017, GASB issued "*Omnibus 2017*" covering four main topics: blending component units; goodwill, fair value measurement and application; and postemployment benefits. "*Omnibus 2017*" is effective for fiscal years beginning after June 15, 2017. However, due to the nature of topic covered, GASB is allowing the option of early implementation for single topics.

Statement No. 86, "*Certain Debt Extinguishment Issues*" improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged. Management has not yet determined the effect of this Statement on the financial statements.

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 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. Management has not yet determined the effect of this Statement on the financial statements.

Note 2 - DEPOSITS

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

State law requires that deposits (cash and certificates of deposit) of all political subdivisions to 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 Balances	Reported Amounts
Cash	\$ 177,463	\$ 169,011
Investments - certificates of deposit	798,629	798,629
Totals	\$ 976,092	\$ 967,640

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 does not have a written policy for custodial credit risk but does comply with state law in custodial activities. As of December 31, 2017, \$434,100 of the District's bank balance of \$976,092 was exposed to custodial credit risk. These deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, and are deemed to be held in the District's name by state statutes.

As of December 31, 2017, cash and certificates of deposit in excess of FDIC insurance were adequately collateralized in accordance with state law, by securities held by unaffiliated banks for the account 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.

Note 2 - DEPOSITS (Continued)

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 10 days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

Note 3 - 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. The last 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, 2016 was \$6.91 per \$1,000 of assessed valuation on property within Recreation District No. 4 for the purpose of maintaining and operating recreational facilities within the District. As indicated in Note 1c, taxes levied November 1, 2017 are for budgeted expenditures in 2018 and will be recognized as revenues in 2018.

Note 4 - DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units as of December 31, 2017 consisted of the following:

State of Louisiana - State revenue sharing	\$ 5,860
Terrebonne Parish Tax Collector - December 2016 collections remitted to the District in January 2017:	
Ad valorem taxes	140,026
State revenue sharing	<u>2,930</u>
Total	<u>\$ 148,816</u>

Note 5 - CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017 was as follows:

	Balance January 1, 2017	Additions	Deletions	Balance December 31, 2017
Capital assets not being depreciated:				
Land	\$ 84,503	\$ -	\$ -	\$ 84,503
Construction in progress	-	28,603	-	28,603
Total capital assets not being depreciated	84,503	28,603	-	113,106
Capital assets being depreciated:				
Buildings	606,782	-	-	606,782
Improvements other than buildings	682,105	807	-	682,912
Machinery and equipment	180,087	151,652	12,268	319,471
Office furniture, fixtures, and equipment	21,293	6,763	-	28,056
Total capital assets being depreciated	1,490,267	159,222	12,268	1,637,221
Less accumulated depreciation for:				
Buildings	(470,159)	(7,312)	-	(477,471)
Improvements other than buildings	(501,419)	(30,448)	-	(531,867)
Machinery and equipment	(91,145)	(25,420)	(10,262)	(106,303)
Office furniture, fixtures, and equipment	(16,034)	(2,081)	-	(18,115)
Total accumulated depreciation	(1,078,757)	(65,261)	(10,262)	(1,133,756)
Total capital assets being depreciated, net	411,510	93,961	2,006	503,465
Total capital assets, net	\$ 496,013	\$ 122,564	\$ 2,006	\$ 616,571

Note 6 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenditures as of December 31, 2017 consisted of the following:

Vendors	\$ 6,104
Payroll taxes	<u>2,569</u>
Total governmental funds	<u>\$ 8,673</u>

Note 7 - LEASE COMMITMENTS

The District has a 10 year operating lease for use of land for recreational purposes which terminates May 31, 2024, for an annual rental of \$800. The District has the option for an additional five years at an annual rental rate of \$900, and a second five year option at an annual rental rate of \$1,000.

The District does not have the right to assign or sublet this lease to anyone other than a public body who shall use the property for recreational purposes. Within 30 days after termination of the lease, the District shall remove any and all buildings and/or improvements placed on the premises. Failure to remove such items shall cause items to become property of the lessor without any obligation on its part. Rent expense for the District during 2017 was \$800.

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 omissions; natural disasters; and group health benefits for which the District carries commercial insurance and participates in the Parish's risk management program for general liability, workers' compensation and group health. No settlements were made during the year that exceeded the District's insurance coverage. The District's premiums for general liability are based on various factors such as operations and maintenance budget, exposure and claims experience. The premiums for workers' compensation are based on a fixed percentage of payroll. The premiums for group insurance are based on a fixed rate per employee. 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 on the next page:

Coverage Policy	Limits
General Liability	\$10,000,000
Workers' Compensation	Statutory

Coverage for general liability claims in excess of the above stated limits are to be funded first by assets of the Parish's risk management internal service fund, \$5,208,857 as of December 31, 2016, then secondly by the District. The Parish is self-insured for the first \$175,000 of each claim relating to group health insurance. The aggregate deductible for all group claims relating to group insurance for 2016 was \$19,880,318. Insurance contracts cover the excess liability on individual claims. Covered employees are subject to a lifetime maximum claims limit. Coverage for group health claim liabilities are to be

Note 8 - RISK MANAGEMENT (Continued)

funded first by assets of the Parish's group health internal service fund, \$238,436 as of December 31, 2016, then secondly by the District. Worker's compensation claims in excess of \$550,000 are covered under an insurance contract for claims aggregate up to limits are to be funded first by assets of the Parish's workers' compensation internal service fund. As of December 31, 2017, the District had no claims in excess of the above coverage limits. Expenditures for premiums to the Parish for insurance coverage's during the year ended December 31, 2017 totaled \$36,522.

Note 9 - POSTEMPLOYMENT HEALTHCARE BENEFITS

Plan Description

The District administers a single employer defined benefit healthcare plan (the Plan). The Plan provides for the payment of medical, dental and life insurance premiums for eligible employees, retirees and their dependents as approved by the Board of Commissioners. For employees retired January 1, 2005, the District funds the entire premium for all benefits on employees retiring with at least ten years of service upon retiring from the formal retirement systems. District employees retiring on or after January 1, 2005 and hired before January 1, 2014 with at least ten years of permanent full-time creditable service with the District shall be eligible to participate in the Plan approved by the Board of Commissioners under the following vesting schedule: 1 to 15 years of service, 2.75% per year; 16 to 20 years of service, 41.25% plus 3.75% per year; 21 years or more of service, 60% plus 4.25% per year of service over 20 years of service, limited to 80.0% of the premium. Employees hired after or on January 1, 2013 with at least 30 years of permanent full-time creditable service and at least age 55 shall be eligible to participate in the approved Plan with benefits limited to 80.0% of premium. A retired employee may provide dependent hospitalization coverage at applicable dependent rates. The District does not issue a publicly available financial report on the Plan.

Funding Policy

The District fully funds required premiums based on pay-as-you-go financing requirements. For fiscal year 2017 the District paid \$1,190 for the retirees' current year premiums.

Note 9 - POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

Annual OPEB Cost and Net OPEB Obligation

The District's annual OPEB cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The table below shows the components of the District's annual OPEB cost for the year, the premiums actually paid and changes in the District's net OPEB asset.

Annual required contribution (ARC)	\$ 9,487
Interest adjustment to net OPEB obligation	(555)
Adjustments to ARC	<u>544</u>
 Annual OPEB cost (expense)	 9,476
 Contributions made	 <u>(6,199)</u>
 Increase in Net OPEB obligation	 3,277
 Net OPEB obligation - beginning of year	 <u>15,547</u>
 Net OPEB obligation - end of year	 <u><u>\$ 18,824</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB liability as of December 31, 2017 is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Liability</u>
12/31/2015	\$ 6,387	121.29%	\$ 14,692
12/31/2016	\$ 9,476	90.98%	\$ 15,547
12/31/2017	\$ 9,476	65.42%	\$ 18,824

Funded Status and Funding Progress

As of January 1, 2016, the most recent actuarial valuation date, the unfunded actuarial accrued liability (UAAL) was \$185,649. Covered payroll for eligible employees was \$46,807 and the total UAAL represents 396.6 percent of covered payroll.

Note 9 - POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

Funded Status and Funding Progress (Continued)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information, presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projection of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and eligible employees and retirees) and include the types of benefits provided at the time of each valuation and on the historical pattern of sharing benefit costs between the employer and eligible employees and retirees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of plan assets.

In January 1, 2016 actuarial valuations, the entry age-normal actuarial cost method was used. The actuarial assumptions included a 3.5 percent investment rate of return (discount rate), a 3.0 percent expected increase in payroll and annual medical cost trend rate of 7.0 percent initially, reduced by decrements to an ultimate rate of 5.0 percent after five years. The annual dental cost trend was initially 3.5 percent, reduced by decrements to an ultimate rate of 3.0 percent after three years. Zero trends were assumed for valuing life insurance. Other assumptions include (1) expenses per participant per month are expected to increase with inflation at 2.5 percent per annum, (2) 60 percent of employees will choose to continue basic life insurance benefits, (3) family coverage includes a spouse and no children; and (4) male spouses are three years older than females. The RPH - 2014 Employee Mortality Table was used for pre-retirement, while post-retirement used RPH - 2014 Healthy Annuitant Mortality Table. Generational with Projection Scale MP - 2015 was applied to the tables. The UAAL is being amortized over an open 30 year period using the level percent of payroll method with an assumption that payroll increases by 3 percent per year. The remaining amortization period at January 1, 2016 was 21 years.

Note 10 - DEFERRED COMPENSATION PLAN

The District offers its director participation in the Louisiana Public Employees Deferred Compensation Plan adopted by the Louisiana Deferred Compensation Commission and established in accordance with Internal Revenue Code Section 457. Complete disclosures relating to the Plan are included in the separately issued audit report for the Plan, available from the Louisiana Legislative Auditor, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397. The District's contribution to the Plan for the year ended December 31, 2017 was \$4,558.

Note 11 - COMPENSATION OF BOARD MEMBERS

The following amounts were paid to Board Members for the year ended December 31, 2017:

<u>Board Members</u>	<u>Number of Meetings Attended</u>	<u>Per Diem</u>
Pamela Carlos	11	\$ 275
Lawrence Gautier	11	275
Louis Pitre	12	- *
Janie Trosclair	10	250
Kirby Verret	12	<u>300</u>
Total		<u>\$ 1,100</u>

* Louis Pitre waived his right to receive a per diem.

Note 12 - STATE OF LOUISIANA TAX ABATEMENTS

The District's ad valorem tax revenues were reduced by \$65,008 under agreements entered into by the State of Louisiana.

Note 13 - SUBSEQUENT EVENTS

Management evaluates events occurring subsequent to the date of financial statements in determining the accounting for and disclosure of transactions and events that effect the financial statements. Subsequent events have been evaluated through March 27, 2018, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS FOR THE OPEB PLAN

Terrebonne Parish Recreation District No. 4

December 31, 2017

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as of Percentage of Covered Payroll ((b-a)/c)</u>
1/1/2010	-	\$ 143,271	\$ 143,271	0.00%	\$ 36,007	397.90%
1/1/2012	-	134,109	134,109	0.00%	38,407	349.18%
1/1/2014	-	132,760	132,760	0.00%	38,407	345.67%
1/1/2016	-	185,649	185,649	0.00%	46,807	396.63%

SUPPLEMENTARY INFORMATION

**SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER
PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER**

Terrebonne Parish Recreation District No. 4

December 31, 2017

Agency Head Name: Craig Luke

Purpose	Amount
Salary	\$ 50,644
Benefits - insurance	20,319
Benefits - retirement	4,558
Benefits - other	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Travel	-
Reimbursements- Milage	1,911
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Meals	-
	<hr/>
	\$ 77,432

Note: Craig Luke is the Director of the District and functions as the Chief Executive Officer.

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

**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. 4,
Dulac, 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 the General Fund of Terrebonne Parish Recreation District No. 4 (the District) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise District's financial statements and have issued our report thereon dated March 27, 2018.

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 charges with governance.

Our consideration of internal control over financial reporting 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 weakness or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be a material weakness. 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 of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

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

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
March 27, 2018.

SCHEDULE OF FINDINGS AND RESPONSES

Terrebonne Parish Recreation District No. 4

For the year ended December 31, 2017

Section I Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency (ies) identified that are not
 considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

b) Federal Awards

Terrebonne Parish Recreation District No. 4 did not expend federal awards in excess of \$750,000 during the year ended December 31, 2017 and therefore is exempt from the audit requirements under the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

Section II Financial Statement Findings

No financial statement findings were noted during the audit for the year ended December 31, 2017.

Section III Federal Award Findings and Questioned Costs

Not applicable.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

Terrebonne Parish Recreation District No. 4

For the year ended December 31, 2017

Section I Internal Control and Compliance Material to the Financial Statements

Internal Control

No material weaknesses were noted during the audit for the year ended December 31, 2016. No significant deficiencies were reported during the audit for the year ended December 31, 2016.

Compliance

No compliance findings material to the financial statements were noted during the audit for the year ended December 31, 2016.

Section II Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Recreation District No. 4 did not expend federal awards in excess of \$750,000 during the year ended December 31, 2016 and therefore is exempt from the audit requirements under the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 2016.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Terrebonne Parish Recreation District No. 4

For the year ended December 31, 2017

Section I Internal Control and Compliance Material to the Financial Statements

Internal Control

No material weaknesses were noted during the audit for the year ended December 31, 2017. No significant deficiencies were reported during the audit for the year ended December 31, 2017.

Compliance

No compliance findings material to the financial statements were noted during the audit for the year ended December 31, 2017.

Section II Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Recreation District No. 4 did not expend federal awards in excess of \$750,000 during the year ended December 31, 2017 and therefore is exempt from the audit requirements under the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 2017.

AGREED-UPON PROCEDURES

INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners,
Terrebonne Parish Recreation District No. 4,
Dulac, Louisiana

We have performed the procedures described in Schedule 2, which were agreed to by the Terrebonne Parish Recreation District No. 4 (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, 2017. The Board's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with the attestation standards established by the Association of International Certified Professional Accountants. 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 referred to above, either for the purpose for which this report has been requested, or for any other purpose.

The procedures and associated findings are described in Schedule 2.

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 these 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 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 23:513, this report is distributed by the LLA as a public document.

Bourgeois Bennett, L.L.C.

Certified Public Accountants

Houma, Louisiana.
March 27, 2018.

SCHEDULE OF PROCEDURES AND ASSOCIATED FINDINGS
OF THE STATEWIDE AGREED-UPON PROCEDURES

Terrebonne Parish Recreation District No. 4

For the year ended December 31, 2017

The required procedures and our findings are as follows:

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

1. Obtain the District's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the District does not have any written policies and procedures), as applicable:
 - a) Budgeting, including preparing, adopting, monitoring, and amending the budget.
Performance: Obtained and read the written policy for budgeting and found it to address all the functions listed 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.
Exceptions: The policy did not contain a provision about controls to ensure compliance with public bid law and documentation required to be maintained for all bids and price quotes.
Management's response: Management will consider adding these provisions to their existing purchasing policy.
 - 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: It was noted that the policy was not called a disbursement policy, but instead included in other policies and procedures called "Mail Procedures."
Management's response: Management will consider drafting a separate policy to specifically outline disbursements.

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

- d) Receipts, including receiving, recording, and preparing deposits.
Performance: Obtained and read the written policy for receipts.
Exceptions: Although the client has an approved receipts policy, it does not contain the provisions listed above for all types of receipts. It only lists receiving, recording, and preparation of deposits for pool collections and wrestling event collections. It does not reference ad valorem and summer camp receipts.
Management's response: Management will consider updating receipts policy to contain all of the provisions listed above for ad valorem and summer camp receipts.
- 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 contained all listed requirements.
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: Inquire of management for contracting policy.
Exceptions: Management does not have a contracting policy.
Management's response: Management will consider drafting a contracting policy with the provisions listed above.
- 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.
Performance: Inquire of management for a credit card policy.
Exceptions: Management stated no credit cards are owned by the District, therefore no policy is written.
Management's response: Management will consider drafting a credit card policy with the provisions listed above for any future credit card use.
- h) Travel and expense reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements; and (4) required approvers.
Performance: Inquire of management for a travel and expense reimbursement policy.
Exceptions: Management does not have a travel and expense reimbursement policy.
Management's response: Management will consider drafting a travel and expense reimbursement policy with the provisions listed above.

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

- 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: The District's ethics policy does not mention the prohibitions as defined in the LA Revised Statute 42:111-1121, a system to monitor possible ethics violations, and the requirement for all, employees, including elected officials, should annually attest through signature verifications that they have read the entity's ethics policy.
 - Management's response: Management will consider adding these provisions to existing ethics policy.

- j) Debt Service, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements; and (4) debt service requirements.
 - Performance: Inquired of management as to a debt service policy.
 - Exceptions: Management confirmed there is no debt service policy.
 - Management's response: Management will consider drafting a debt service policy.

Procedures performed on the District's Board:

- 2. Obtain and review the board/committee minutes for the fiscal period, and:
 - a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
 - Performance: Obtained and read the written minutes of board meetings.
 - Exceptions: There were no exceptions noted.
 - Management's response: Not applicable.

 - b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
 - Performance: Inspected meeting minutes and monthly budget-to-actual comparisons.
 - Exceptions: There was one month out of the 12 that was not shown for monthly budget-to-actual comparisons.
 - Management's response: Management will consider compiling budget-to-actual comparisons at every meeting.

Procedures performed on the District's board: (Continued)

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

Performance: Inspected meeting minutes and monthly budget-to-actual comparisons.

There were 6 instances where budget-to-actual comparisons showed deficit spending; however, their fund balance was adequate to cover each month's deficit spending.

Exceptions: No exception noted.

Management's response: Not applicable.

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

Performance: Inspected the board's meeting minutes for the fiscal year and noted non-budgetary financial information in the form of approvals of interviewing summer camp employees.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the District's bank reconciliations:

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

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.

4. Using the listing provided by management, select all of the District's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

Performance: Obtained monthly bank reconciliations for the one account tested. Inspected management's documentation for accuracy of bank reconciliations.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the District's bank reconciliations: (Continued)

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and
 - Performance: Inspected the District's documentation of each bank reconciliation. The Vice-Chairman opens and reviews bank statements as evidenced by initials. The secretary prepares the bank reconciliation. Reconciliations are not reviewed.
 - Exceptions: There is no written evidence of who performs the bank reconciliation. There is no written evidence of review of the bank reconciliation.
 - Management's response: Management will add written evidence of the individual who performs the bank reconciliations and will add written evidence of the individual who reviews bank reconciliations.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.
 - Performance: Inspected documents for items outstanding for more than 6 months. There were none noted.
 - Exceptions: There were no exceptions noted.
 - Management's response: Not applicable.

Procedures performed on the District's collections:

- 5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.
 - Performance: Observed the listing of cash/check/money order (cash) collection locations from management and received management's representation in a separate letter.
 - Exceptions: There were no exceptions noted.
 - Management's response: Not applicable.

- 6. Using the listing provided by management, select all of the District's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations).

For each cash collection location selected:

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

Procedures performed on the District's collections: (Continued)

Performance: Inspected policy manuals, and inquired of client as to all of the requirements.

Exceptions: The director is responsible for collecting cash at the wrestling event, and he also occasionally deposits cash as per the policy.

Management's response: Management will consider better segregation of duties through the cash collection process.

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

Performance: Inquired of management as to the existence of a formal process to reconcile cash collections to the general ledger by revenue source by a person that is not responsible for cash collections. Reviewed deposit receipts, reconciliation reports, and general ledger. The secretary is in charge of reconciling cash collections to the general ledger, and she does not collect cash.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

Performance: The District's primary funding source is through ad valorem which is directly deposited into the bank accounts. All other receipts are from summer camp, money from Terrebonne Parish Consolidated Government, interest, building rentals, wrestling events, pool admissions, and swimming lessons. Therefore, the test population was based upon all collections recorded in all revenue accounts. A sample of 25 cash receipts were tested.

Exceptions: Through inspection of documentation and inquiry of the client, no evidence was documented as to when checks are received. Therefore, it cannot be determined if cash receipts are deposited within one day of collection.

Management's response: Management will begin stamping the received date on the check received by the District.

Procedures performed on the District's collections: (Continued)

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

Performance: Inspected the District's cash receipt in general ledger, cash reconciliation logs when applicable, and deposit receipt from the bank. Noted that all collections are supported by adequate documentation.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Inspected policy and inquired of management as to separation of duties. The secretary is responsible for reconciling cash logs when applicable, and she is not responsible for collecting the cash.

Exceptions: There are only two types of cash receipts covered in the policy. Other cash receipt types are not listed.

Management's response: Management will consider listing specific duties for all cash collection types in the policy.

Procedures performed on the District's general disbursements (excluding credit card, debit card, fuel card, P-card purchases or payments):

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

Performance: Obtained the completed general ledger for the fiscal period and obtained management's representations in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Procedures performed on the District's general disbursements (excluding credit card, debit card, fuel card, P-card purchases or payments): (Continued)

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

Performance: Purchases in excess or equal to \$2,500 were tested. Purchases below \$2,500 were selected haphazardly through scanning the general ledger to obtain a 25 item disbursement sample. Requested requisitions, purchase orders, receiving documents and related invoices, as well as inquired of the client.

Exceptions: The Director initiates purchases. The Secretary issues purchase orders and requires the Chairman or Vice-Chairman to approve the purchase order. Then the purchase order is given to the Director to make the purchase. There were instances where no purchase order was utilized.

Management's response: Management will consider using purchase orders at all times as noted in the policy.

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

Performance: Inspected documentation and inquired of management as to purchase approval process.

Exceptions: There were instances where no purchase order was utilized and therefore no approval of purchase orders by a person who did not initiate the purchase.

Management's response: Management will consider using purchase orders at all times as noted in the policy.

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

Performance: Inspected documentation and inquired of management as to processing of payments.

Exceptions: Payments for purchase were processed without approved requisition/purchase orders and documented receiving reports.

Management's response: Management will consider using purchase orders and receiving reports.

Procedures performed on the District's general disbursements (excluding credit card, debit card, fuel card, P-card purchases or payments): (Continued)

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

Performance: Inspected policy and documentation and inquired of management as to separation of duties.

Exceptions: The Secretary has the ability to process payments. The Secretary is also the individual who adds vendors to the system.

Management's response: Management will consider improving segregation of duties of processing payments and adding vendors.

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

Performance: Inspected documentation and inquired of management about signatory authority. The District requires dual signatures on all checks. The Chairman, Vice-Chairman, one other Board Member, and the Secretary have the authority to sign checks. One signature is required to be the Secretary and the other can be any of the remaining listed. The Secretary is responsible for recording purchases. The Director is responsible for initiating purchases.

Exceptions: The Secretary has the ability to record purchases as well as sign checks.

Management's response: Management will consider ways to mitigate the lack of segregation of duties.

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

Performance: Inquired of management, as well as observed where the supply of unused checks is held.

Exceptions: The supply of unused checks are maintained in a drawer in the office at the gym. The Secretary, Chairman, Vice-Chairman, and Director have keys to this office. However, the Secretary, Chairman, and Vice-Chairman have signature authority.

Management's response: Management will consider ways to mitigate the lack of segregation of duties.

Procedures performed on the District's general disbursements (excluding credit card, debit card, fuel card, P-card purchases or payments): (Continued)

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

Performance: Inquired of management as to whether there is a signature stamp or machine.

The District does not have a signature stamp or machine. Signed checks are held by the Secretary until mailed.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the District's credit cards, debit cards, fuel cards, P-cards:

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards, 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.

Performance: Inquire of management for a listing of all active credit cards, bank debit cards, fuel cards, and P-cards, and management states no credit cards at this time. Also, received management's representation in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

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

Performance: Inquire of management for a listing of all active credit cards, bank debit cards, fuel cards, and P-cards, and management states no credit cards at this time.

Exceptions: Not applicable.

Management's response: Not applicable.

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

Performance: Inquire of management for a listing of all active credit cards, bank debit cards, fuel cards, and P-cards, and management states no credit cards at this time.

Exceptions: Not applicable.

Management's response: Not applicable.

**Procedures performed on the District's credit cards, debit cards, fuel cards, P-cards:
(Continued)**

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the cards selected (i.e. each of the cards should have one month of transactions subject to testing).
- a) For each transaction, report whether the transaction is supported by:
- 1) An original itemized receipt (i.e., identifies precisely what was purchased)
Performance: Inquire of management for a listing of all active credit cards, bank debit cards, fuel cards, and P-cards, and management states no credit cards at this time.
Exceptions: Not applicable.
Management's response: Not applicable.
 - 2) Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
Performance: Inquire of management for a listing of all active credit cards, bank debit cards, fuel cards, and P-cards, and management states no credit cards at this time.
Exceptions: Not applicable.
Management's response: Not applicable.
 - 3) Other documentation that may be required by written policy (e.g., purchase order, written authorization.)
Performance: Inquire of management for a listing of all active credit cards, bank debit cards, fuel cards, and P-cards, and management states no credit cards at this time.
Exceptions: Not applicable.
Management's response: Not applicable.
- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the District's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.
Performance: Inquire of management for a listing of all active credit cards, bank debit cards, fuel cards, and P-cards, and management states no credit cards at this time.
Exceptions: Not applicable.
Management's response: Not applicable.
- c) For each transaction, compare the District's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

**Procedures performed on the District's credit cards, debit cards, fuel cards, P-cards:
(Continued)**

Performance: Inquire of management for a listing of all active credit cards, bank debit cards, fuel cards, and P-cards, and management states no credit cards at this time.

Exceptions: Not applicable.

Management's response: Not applicable.

Procedures performed on the District's travel and expense reimbursements:

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

Performance: Obtained a list of all travel and related expense reimbursements, and received management's representation in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Inquire of management for travel and expense reimbursement policy.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

Performance: Through inspection of the general ledger, there was only one employee who received reimbursements of any kind. Inquired of management for a policy.

Exceptions: There was no policy to compare expense documentation.

Management's response: Management will consider drafting a travel and expense reimbursement policy.

**Procedures performed on the District's travel and expense reimbursements:
(Continued)**

- b) Report whether each expense is supported by:
- 1) An original itemized receipt that identifies precisely what was purchased.
Performance: Traced expense to the original documentation. This expense was a mileage reimbursement.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.
 - 2) Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
Performance: Traced expense to the original documentation. Business purpose was documented on the expense reimbursement worksheet filled out for the related mileage reimbursement.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.
 - 3) Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance).
Performance: Inspected all documents provided for all travel reimbursements selected. However, since no written policy, there were no other documentation items needed.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.
- c) Compare the District's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.
Performance: Inspected the business/public purpose of all travel reimbursements selected and compared them to Article 7, Section 14 of the Louisiana Constitution.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.
- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.
Performance: Inspected documentation of travel expenditures selected for proper approvals.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

Procedures performed on the District's contracts:

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

Performance: Observed the listing of contracts in effect during the fiscal year from management, and received management's representation of completeness in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

Performance: Obtained the listing of contract vendors and selected the five contract "vendors" that were paid the most money during the fiscal year. Inspected the written contracts that supports the service agreements.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

Performance: Inspected supporting contract documentation and inquired of client about any contracts subject to Louisiana Public Bid Law. One contract was for the purchase of playground equipment and installation, three were for services, and one was a rental of equipment. The contracts were all under the dollar limitations of Louisiana Public Bid Law.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Inspected contract and inquired of client as to receipt of any other quotes.

The District did receive quotes as a best practice for the playground equipment.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the District's contracts: (Continued)

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.
 - Performance: Inspected contract and inquired of client about any amendments to contracts in the fiscal year.
 - Exceptions: There were no exceptions noted.
 - Management's response: Not applicable.

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.
 - Performance: Inspected the invoice and compared to the written contract information. The invoice and related payment complied with the terms of the contract.
 - Exceptions: There were no exceptions noted.
 - Management's response: Not applicable.

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).
 - Performance: Inspected board meeting minutes and confirmed the board approved three of the contracts. Two contracts were not approved at meetings, but a Board Member did approve the invoices.
 - Exceptions: There were no exceptions noted.
 - Management's response: Not applicable.

Procedures performed on the District's payroll and personnel:

- 22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Select five employees/officials, obtain their personnel files, and:
 - Performance: Observed the listing of employees with their related salaries from management, and received management's representation of completeness in a separate letter.
 - Exceptions: There were no exceptions noted.
 - Management's response: Not applicable.

Procedures performed on the District's payroll and personnel: (Continued)

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

Performance: Compared hourly rates to the employer's pay scale with payments made to employees during the fiscal year.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Traced hourly rate changes during the period to the pay rate structure. Pay rate structure increases are approved by the board as well as salary increases for salaried employees.

Exceptions: Upon inspection, pay rate information was not kept individually per employee in the personnel files. The listing of wage rates are kept on hand by the Secretary. Approvals of rate increases were noted in the minutes, not in the personnel files.

Management's response: Management will consider keeping wage rates/salaries information for each employee in the personnel files, including proper approvals.

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, select one-third of employees/officials and:

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

Performance: Only one employee is allowed vacation and sick leave. Randomly selected one pay period to test leave taken during that period for that employee. During this period, there were three employees paid (two salary and one hourly). Inspected all daily attendance and leave records for proper documentation.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Inspected time sheets for the pay period selected.

Exceptions: There is no evidence that the supervisor approved the time card for the hourly employee during the week. For the salary employee who can take vacation and sick leave, time off was requested, but there was no documentation of approval of time.

Management's response: Management will require that, through written evidence, the supervisor approve all attendance on time sheets and a board member will approve all time requested and taken.

Procedures performed on the District's payroll and personnel: (Continued)

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

Performance: Inquired that the District maintains written leave records for each employee eligible for paid leave.

Exceptions: Management maintains the balance of leave, but they do not maintain the hours earned or used.

Management's response: Management will consider maintaining written leave records for the employee who can earn leave including the balance, hours earned, and hours used.

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

Performance: Inquired and inspected a list of employees that were terminated during the period. Management's representation of completeness was completed in a separate letter.

Per Management, no employees were terminated during the period.

Exceptions: Not applicable.

Management's response: Not applicable.

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

Performance: Inspected payroll reporting forms, as well as cancelled checks to confirm that all payments were submitted to the applicable agencies by the required deadlines.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the District's ethics:

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

Procedures performed on the District's ethics: (Continued)

Performance: Observed the ethics course completion certificates for the five employees tested. All had completion certificates within the year.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Inquired of management of any ethics violations, none were noted.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the District's debt service:

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

Performance: Inquired of management as to issuance of debt during the fiscal year. No debt was issued during this fiscal year.

Exceptions: Not applicable.

Management's response: Not applicable.

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

Performance: Inquire of Management for documentation on any outstanding debt during the period. Management states there was no outstanding debt for the District during the period.

Exceptions: Not applicable.

Management's response: Not applicable.

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

Performance: Not applicable.

Exceptions: Not applicable.

Management's response: Not applicable.

Other procedures performed on the District:

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the District reported the misappropriation to the legislative auditor and the District attorney of the parish in which the District is domiciled.
Performance: Inquired of management of any misappropriations of public funds or assets, none were noted.
Exceptions: Not applicable.
Management's response: Not applicable.
32. Observe and report whether the District has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.lla.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.
Performance: Inquired and observed such notice posted on the premises. The District does not have a website.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.
33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.
Performance: Inspected all procedures, and the results of such procedures and compared them to management's representations in a separate letter.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.